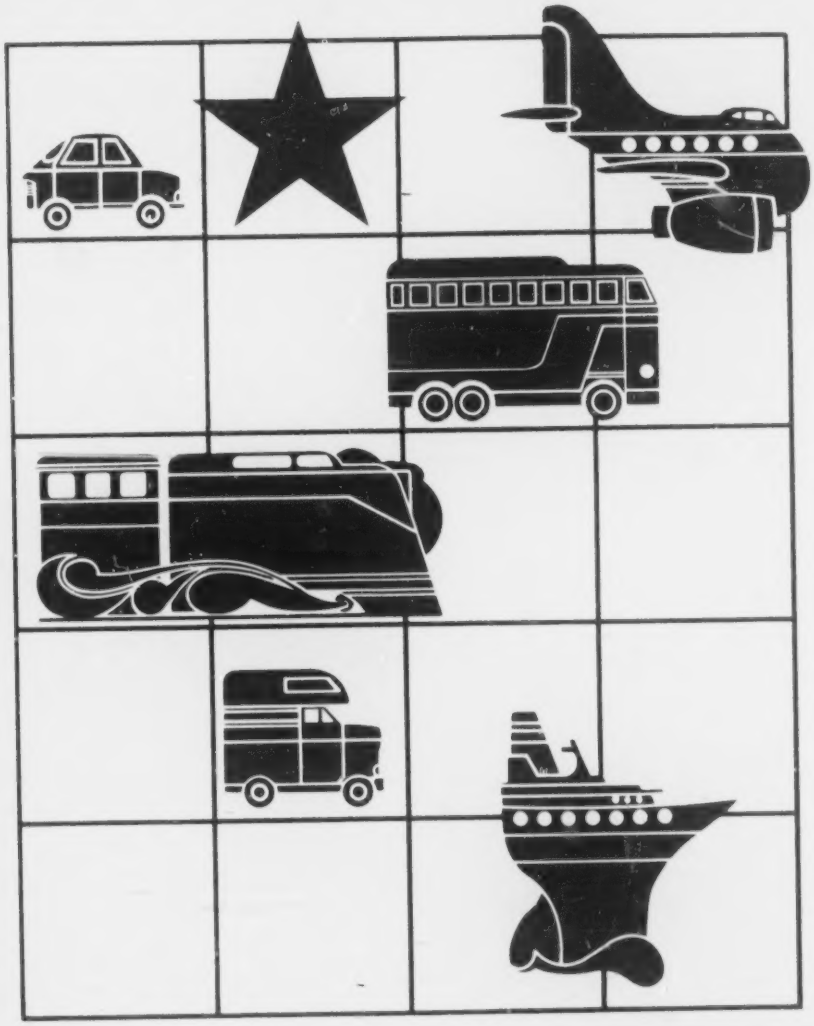
ISSN: 0733-642X

US Travel
Data Center

The 1988-89 Economic Review of Travel in America



US Travel Data Center • Two Lafayette Centre, 1133 21st Street, NW • Washington, DC 20036
(202) 293-1040

The US Travel Data Center is an affiliate of the Travel Industry Association of America

THE 1988-89 ECONOMIC REVIEW OF TRAVEL IN AMERICA

U S TRAVEL DATA CENTER
WASHINGTON, D.C.

PRICE: SIXTY DOLLARS

ISSN: 0733-642X

An Affiliate of the Travel Industry Association of America

The United States Travel Data Center is the national, nonprofit center for travel and tourism research, and an affiliate of the Travel Industry Association of America. Since its establishment in 1973, the Data Center has devoted itself to advancing the common interests of the travel industry and the public it serves by encouraging, sponsoring, and conducting statistical, economic, and scientific research concerning travel, the travel industry, and travel-related industries.

In pursuit of this objective, the Data Center gathers, analyzes, publishes, and disseminates the results of such research, and cooperates with all government agencies, private industry, and academic institutions with similar purposes and objectives. The Data Center is financed through publication sales, membership dues, and contract research. It is an affiliate of the Travel Industry Association of America and is located at Two Lafayette Centre, 1133 21st Street, NW, Washington, DC 20036.

Dr. John D. Hunt, Chairman

Dr. Suzanne D. Cook, Director

© 1989 US Travel Data Center

EXECUTIVE SUMMARY

- U.S. residents and foreign travelers spent $313 billion in the United States during 1988, eight percent more than in 1987. This equaled 6.4 percent of the gross national product.

- Travel spending in America directly generated 5.5 million jobs in 1988, paying $70 billion in wages and salaries and producing nearly $37 billion in federal, state, and local tax revenue.

- If viewed as a single retail industry, the travel and tourism sector is the third largest retail industry in business receipts, after automotive dealers and food stores.

- Travel industry sales in 1988 outpaced GNP in both real and nominal dollar terms.

- In 1988, auto/truck/rv travel outpaced common carrier travel for the first time since 1981.

- The overall cost of travel in 1988 matched the rise in the overall cost of consumer goods and services costs, as measured by the Consumer Price Index.

- Travel industry employment continued to outpace the overall economy during 1988, producing over 400 thousand additional jobs for the year.

- Petroleum consumed in traveling away from home in the United States rose 2.2 percent in 1987 and accounted for under eleven percent of total U.S. petroleum consumption.

- Foreign visitors to the United States totaled 33.7 million in 1988, up fourteen percent from 1987. Foreign visitor expenditures in the United States rose twenty-two percent in 1988 to $18 billion.

- U.S. travelers to foreign countries numbered 41 million in 1988, an increase of approximately two percent from 1987. Their spending increased to $23.4 billion in 1988, up 14 percent.

- U.S. travelers spend more in the South Atlantic region than any other U.S. region, followed closely by travel spending in the Pacific region.

PREFACE

This report is designed to be a basic reference on the role of travel activity and the travel industry in the American economy. It is hoped that this report will improve understanding of one of the most ubiquitous activities and dynamic industries in the United States today.

Many have contributed information and insights that have assisted drafting of this report, and we express our thanks. In particular, we are grateful to Frank Smith of Transportation Policy Associates, Randell Smith of Smith Travel Research, Ron Erdman of the U.S. Travel and Tourism Administration, and William Evans of Laventhol and Horwath for providing data.

This report was designed and written by Dr. Douglas C. Frechtling, Consulting Economist to the Data Center. Data collection, input, analysis, verification, and report generation was conducted by Ms. Sarah E. Garrison, Economic Analyst, US Travel Data Center.

US Travel Data Center
Washington, D.C.
February, 1989

TABLE OF CONTENTS

Chapter		Page
I.	Introduction	1
II.	Travel Activity and Industry Trends	7
III.	Travel Price Inflation	29
IV.	Travel and Employment	35
V.	Travel and Energy	41
VI.	International Travel Trends	45
VII.	Regional Travel Patterns	59
VIII.	Conclusion	65
Appendix A:	Basic Travel Data	A-1
Appendix B:	Standard Terminology	B-1
Appendix C:	Resources	C-1

I. INTRODUCTION

This is the seventh annual report on the role of travel and tourism in the American economy prepared by the US Travel Data Center. It is designed to review current economic characteristics of travel away from home, developments in the United States travel industry, and the effects of recent economic changes on travel and tourism.

The information in this report has been gathered from the best objective sources available and analyzed with an eye to clearly portraying the experience, prospects, and challenges of travel and tourism in America. It is published in the spirit of assisting the industry and others to understand the public interest in travel and tourism.

A realistic appreciation of travel's strengths and vulnerabilities helps guarantee that travel will contribute as much or more to America's growth and well-being in the years ahead as it has in the past.

Travel

The subject of this report is travel away from home by American residents and foreign visitors. Over the years there has been considerable discussion of the appropriate definition of this activity. After careful study of alternative definitions, the Data Center Board of Trustees in 1985 adopted the following definition of "domestic traveler":

> any resident of the United States regardless of nationality who travels to a place 100 miles or more away from home within the United States or who stays away from home one or more nights in paid accommodations and who returns home within twelve months, except commuting to and from work or attending school.

This definition closely follows that recommended by the World Tourism Organization (WTO) for domestic travel. The Data Center has also adopted the WTO definition of "international traveler":

> any person visiting a country other than that in which he (she) has his (her) usual place of residence, for not more than one year, and whose main purpose of visit is other than following an occupation remunerated from within the country visited, staying at least 24 hours, but not more than one year in the country visited.

These definitions and the related terms in Appendix B have also been endorsed by the Travel Industry Association of America.

In practice, studies by various organizations over the years have incorporated different definitions of "travel away from home". These include "trips to places 100 miles or more away from home", "overnight stays away from home", and "crossing of a county border". The data on travel activity presented in this report reflect these differences but have been chosen to approximate the Data Center's definition as closely as possible.

The word, "tourism", is used sparingly in this report. While it is often used to denote travel away from home in many parts of the world, in American parlance it connotes travel for pleasure only. When the term does arise herein, it is used as a synonym for travel away from home, to emphasize that we are interested in activity away from home, rather than local trips and associated behavior.

The Travel Industry

The travel industry has been described, half facetiously, as a collection of diverse products sold by a fragmented industry to segmented markets through a complex distribution chain. This suggests the complexity of the industry and the difficulties of describing it.

The travel industry is not concentrated in definite areas of the country or characterized by large plants with towering smokestacks. Instead, it comprises the airline terminal in the suburbs, the restaurant in town, the highway motel, the travel agency down the block, and a host of other businesses that do not even recognize their dependence on tourism since visitors are usually indistinguishable from local customers.

It is not surprising that government officials, business executives, and the public have been slow to grasp the significance of travel away from home and the industry that has developed to serve it. Moreover, many in the travel industry do not fully comprehend the nature of travel's economic contributions. Indeed, it is much more difficult for others, often in position to influence the course of travel and prospects for the industry, to appreciate the significance of tourism.

Businesses are commonly grouped together into industries by the type of product they produce, as in the United States government's Standard Industrial Classification (SIC) system. The steel industry produces steel, the hotel industry, lodging, and so on.

Travelers away from home, however, patronize a number of different industries as conventionally defined. They purchase public transportation, gasoline, food, lodging, entertainment, recreation, and countless incidental goods and services. Businesses sell these items to travelers as well as to local residents and nearby business firms.

For this reason, we cannot distinguish the "travel industry" as a collection of firms that sells only to travelers. We can, however, develop a spectrum of types of businesses according to their dependence on traveler purchases for their receipts.

In the United States, the Data Center defines "primary travel-related businesses" as those establishments that depend directly upon traveler expenditures for more than one-third of their total sales receipts. This group includes intercity bus, rail, and air passenger carriers; eating and drinking places; hotels, motels, and motor hotels; campgrounds and transient trailer parks; car rental firms; and amusement and recreation services. By charting trends for this group of businesses, we can infer conditions in the "travel industry" as a whole.

Unfortunately, data are not readily available on all of these travel industry sectors. The reader will note that the components making up the travel industry in this report may change from one section to another, depending on the statistics available. However, we feel that the data do indicate how the travel industry is faring and how it is contributing to the United States economy.

Automobile travel, including that by auto, truck, recreational vehicle, and motorcycle, comprises 60 percent to 80 percent of all travel away from home in this country, depending upon whether passenger-miles or passengers are measured. The type of business that best represents this transportation activity is gasoline service stations. However, traveler expenditures on auto transportation comprise only about 20 percent of total sales of these establishments.

Consequently, we have elected to exclude gasoline service stations from the travel industry represented in this report. By so doing, we exclude businesses representing a large sector of travel activity but improve our chances that the travel industry described herein actually represents travel-related business developments.

While some data on travel and the travel industry extend back several decades, a large part of the information we have from the federal government on receipts, prices, traffic, and employment in travel-related businesses begins more recently. As a result, most of the past perspectives on travel and the industry provided in this report cover the years from 1972 to the present. Final data are presented in Appendix A covering the 1972 through 1987 period,

with many preliminary estimates for 1988.

While the individual activities and types of businesses included in this report are quantified, the charts and analysis focus on travel and the industry that services it as a whole, rather than on its component parts. This is a consequence of the view that travel away from home is a distinctive human activity, requiring a variety of goods and services. The consumption of these goods and services makes the establishments which provide them necessarily interdependent. People who travel need a mode of transportation, a place to visit, shelter, and food. Oftentimes, they demand entertainment, recreation, and other items as well.

In a very real sense, we would not have hotels without transportation, nor would people travel without a place to stay. Similar interdependence among other traveler activities can be easily identified. Consequently, we feel travel and the travel industry is best viewed in its entirety and have attempted to emphasize this perspective. The reader interested in examining an individual sector of the travel industry, such as hotel/motel lodging or air transportation, will find such information in this report. However, we direct you to the individual trade associations for more complete coverage.

A traveler's purchase from a retail business begins a productive economic process that stretches through wholesale, manufacturing, extractive, transportation, and service firms. There are indications that this secondary, or "multiplier", impact of such a purchase can dwarf the direct impact on the travel-serving retail business.

However, this report concentrates on the direct impact of travel and tourism on the United States economy. This is not to say that the secondary impact is unworthy of review but that the data here are not nearly as well-developed. It is hoped that future editions of this review can include sound estimates of the multiplier impact of travel expenditures in the United States as well as the direct effects.

Organization of the Report

The review is organized in eight chapters:

Chapter II shows recent developments in travel activity along with current industry trends placed in the perspective of the last decade.

Chapter III presents a discussion of travel price inflation.

Chapter IV focuses on the unique ability of the travel industry to create jobs.

Chapter V highlights the dependence of travel on petroleum fuel supplies and emphasizes the relatively small share of energy consumption attributable to the activity.

Chapter VI presents a discussion of international travel trends and their effect on the United States.

Chapter VII surveys regional trends in travel.

Chapter VIII provides an overall assessment of the relationships between travel and the United States economy demonstrated in 1988 and expected in 1989.

The appendices provide background information essential to the report:

Appendix A presents the base data used for calculating the charts included in the previous chapters.

Appendix B presents the standard terminology for statistical reporting adopted by the Data Center's Board of Trustees in December, 1985.

Appendix C is a list of sources used in the preparation of this report.

Please note: The 1988 estimates herein are preliminary and subject to change. Detail numbers in the tables may not add to the totals due to rounding.

II. TRAVEL ACTIVITY AND INDUSTRY TRENDS

The United States economy continued to expand in 1988 for the sixth consecutive year. The nation's output of goods and services, personal income, corporate profits, and employment all increased from the previous year. As 1989 began, the current economic expansion was 73 months old, making it the second longest since World War II.

Table II-1 shows the course of a number of major economic variables that affect travel away from home in America. Despite the age of the current expansion, the economy accelerated in 1988 and boosted business activity, income, employment, and prices.

Table II-1: Overall U.S. Economic Developments, 1986-88
(percent change from previous year)

	1988p	1987	1986
Nominal GNP	7.4%	6.8%	5.6%
Real GNP	3.8	3.4	2.8
Personal income	7.5	7.0	6.2
Corp. profits after tax	12.9	10.1	1.6
Consumer price index	4.1	3.6	1.9
Payroll employment	3.6	2.8	2.1

p = preliminary
Source: US Travel Data Center, U.S. Department of Commerce, U.S. Department of Labor

The economy picked up speed again in 1988 and unemployment dropped to its lowest level in more than a decade. Yet, remarkably, inflation remained relatively moderate.

Employment growth accelerated in 1988 as the United States economy created 3.7 million new jobs, the largest increase since 1984. The service-producing industries accounted for three million of these jobs. Even though consumer prices accelerated, personal income rose more than three percentage points faster and real purchasing power increased considerably.

1989 Economic Outlook

Economic gains in 1989 will be smaller than in 1988 as higher interest rates restrain output and investment. Personal income will slow despite rising wage rates. Inflation will be somewhat more, since the economy is pressing against its productive capacity in terms of both labor and plant/equipment. Rising wages and slowing demand will squeeze corporate profits, and an increase about one-half the rate of 1988 is expected.

A key factor, however, is foreign investors' willingness to finance our continuing trade deficit. If higher United States interest rates are successful in attracting their growing dollar holdings, our exchange rate should hold steady at 1988 levels. However, if they balk at holding additional dollar investments, United States exchange rates would fall encouraging the Federal Reserve to raise interest rates to halt the decline of the dollar. This, of course, would depress the domestic economy.

The best way to reduce the uncertainty of our course in international exchange markets is to reduce the size of our trade deficit. The United States made modest progress in 1988. Further reductions are essential to unshackle United States economic policy from foreign concerns and to concentrate on domestic growth and stability. Certainly, efforts to increase foreign visitor spending in the United States are a crucial part of our trade improvement strategy and should receive increased federal funding.

The remarkable United States economic expansion is expected to slow in 1989, but chances of a recession are remote. Consumer spending will rise, fueled by expanding job opportunities. Inflation, however, may heat up as the economy pushes against its productive limits. In sum, economic developments expected in 1989 will not hinder the growth of travel away from home, but neither will they boost it above its long-term trend.

Travel Activity

In response to the continuing rise in overall economic activity, travel away from home rose in 1988 for the fourth consecutive year. As indicated in Table II-2, United States resident travel away from home as measured by the Data Center's National Travel Survey in "person-trips" (one person on a trip to a place 100 miles or more away from home) increased for all major trip purposes save visiting friends and relatives. Total person-trips for all purposes surpassed 1.2 billion, the highest level recorded by the Data Center's National Travel Survey.

Table II-2: U.S. Travel Away from Home for Selected Trip Purposes and Types, 1988 (millions of person-trips)

Trip Purpose and Type	1988p	1988/87 change	1987/86 change
Total	1,241	4.2%	6.2%
Vacation	840	8.4	3.0
Business/convention	208	1.1	9.1
Visit friends/relatives	426	-2.5	-1.3
Entertainment/outdoor rec	509	9.6	10.9
Weekend	576	3.0	8.9

p = preliminary
Note: categories overlap and do not add to total.
Source: US Travel Data Center's National Travel Survey

Trips for entertainment and outdoor recreation continued to rise more than twice as fast as overall travel away from home, as did vacation trips as a whole. Trips to visit friends and relatives, however, declined for the second straight year. Business and convention travel grew negligibly following the sizable increase posted in 1987. The growth of weekend travel also slowed.

Despite the increase in trip volumes, travel measured in nights away from home fell marginally in 1988, as the overall average trip duration dropped over seven percent from 4.6 to 4.2 nights away from home (Table II-3).

The overall decline in duration was a product of shorter trips for all of the categories shown, except weekend trips. By their definition, weekend trips cannot show more than minor changes in duration over the years.

The duration of trips to visit friends and relatives plummeted twelve percent in the year, to 4.2 nights per trip. Entertainment and outdoor recreation trip durations fell by over seven percent. Business and convention durations showed a substantial drop to 3.5 nights per trip.

Table II-3: U.S. Nights Away from Home for Selected Trip Purposes and Types, 1988 (millions of person-nights)

Trip Purpose and Type	1988p	1988/87 change	1987/86 change
Total	5,244	-3.5%	4.1%
Vacation	4,006	-0.2	-3.8
Business/convention	732	-9.1	19.8
Visit friends/relatives	1,798	-13.8	-4.1
Entertainment/outdoor rec	2,393	5.4	-1.7
Weekend	1,498	3.0	4.8

p = preliminary
Note: categories overlap and do not add to total.
Source: US Travel Data Center's National Travel Survey

The durations of trips for personal reasons -- vacation, visiting friends/relatives, and entertainment/outdoor recreation -- have shown an interesting pattern this decade. Average nights away from home on these trips rose steadily from the recession years of 1980-82 and peaked in 1985. Overall durations reached an average of five nights per trip that year, and vacation trips topped 5.7 nights.

Since then, however, personal trip durations have trended steadily downward. Vacation trips now show the shortest durations in this decade, and travel to visit friends/relatives is well below its 1985 peak of 5.4 nights.

Explanations for this pattern may be found in employment trends. The proportion of Americans with jobs is at the highest level in this century, putting a squeeze on time available for leisure travel. When both husband and wife hold full-time jobs, scheduling a week or two away from home proves quite difficult. Moreover, the explosive growth of resorts and other recreational opportunities near major population centers coupled with expanding airline capacity and discount fares for discretionary travel have permitted and encouraged Americans to take more trips and spend fewer nights away from home on their trips.

Except for weekend travel, travel for all purposes is tending toward the average of four nights per trip. Vacations of two weeks or more still abound, but they are dwarfed by weekend pleasure trips and business travel. This trend will continue as more of our population is employed and transportation bargains remain available.

Travel Spending

United States residents spent $318 billion traveling away from home during 1988, up nearly eight percent from the previous year, according to preliminary estimates (Table II-4).

This travel spending averaged $1,300 per United States resident, and occurred at a rate of more than $600,000 a minute. Americans spent more on travel in 1988 than they did on clothing, accessories, jewelry, and personal care combined, or on household utilities including telephone service.

Table II-4: U.S. Travel Expenditures, 1988
($ billions)

Location	1988p	1988/87 change	1987/86 change
On domestic travel*	$294	7.6%	7.7%
On foreign travel	23	14.2	16.3
Total	$318	8.1%	8.3%

*includes spending in U.S. territories
p = preliminary
Note: details may not add to total due to rounding.
Source: US Travel Data Center

United States spending on domestic travel rose about the same rate in 1988 as it did the previous year. However, this spending outpaced United States spending on all goods and services in 1988 (nominal GNP) and surpassed the increase in overall personal consumption expenditures.

United States travel spending in foreign countries posted a 16.3 percent increase in 1987 and a 14.2 percent increase in 1988. These are the largest growth rates registered in the past sixteen years.

Travel's contributions to the American economy are better suggested by total travel spending in this country than by what Americans are spending here and abroad. American and foreign travelers in the United States spent $313 billion here in 1988, up more than eight percent from the previous year (Table II-5). This spending equaled 6.4 percent of our gross national product in 1988.

Table II-5: Travel Expenditures in the U.S., 1988
($ billions)

Source	1988p	1988/87 change	1987/86 change
U.S. residents*	$294	7.6%	7.7%
Foreign visitors	18	22.0	14.4
Total	$313	8.3%	8.0%

*includes spending in U.S. territories
p = preliminary
Note: details may not add to total due to rounding.
Source: US Travel Data Center

Nineteen eighty-eight foreign visitor spending in the United States posted the sharpest rise since 1981. Continued economic expansion in major foreign nations and the dollar's decline against most currencies has brought travel to the United States back within the means of many international travelers and boosted their expenditures here. Indeed, foreign visitor expenditures here have risen by one-half since the dollar peaked in value in 1985.

Foreign visitor expenditures accounted for only six percent of total travel spending in the United States during 1988. Consequently, despite the double-digit increase in foreign spending here, overall travel spending here rose less than nine percent. This is about one percentage point above the long-term trend in this series.

Traveler expenditures become sales receipts for travel-related businesses. Business receipts attributable to travelers suggest the magnitude of the "travel industry" in America. They allow us to view the travel industry in the perspective of size relative to other industries.

Such a comparison is not straightforward. One reason is that the U.S. Bureau of the Census does not publish annual sales data for all industries. Another is that retail industries cannot be fairly compared with wholesale, manufacturing, or extractive industries. Retail sales include the value of output of these businesses, so the retail sales of a product will always exceed the value of the product's manufacture.

Finally, what is published as receipts for some sectors, such as health services, includes substantial government payments in the form of subsidies and administrative payments. Government policies directly determine the size of such industries rather than consumer or business demand.

The Census Bureau does publish consistent annual sales estimates for a number of retail industries. In Table II-6, these estimates are listed for the top four such industries in 1988.

Table II-6: Travel Business Receipts in the U.S. Compared to Major Retail Industry Receipts, 1988 ($ billions)

Industry	Sales
Automotive dealers	$358
Food stores	331
Travel and tourism	303
General merchandise stores	184

Source: US Travel Data Center, U.S. Bureau of the Census; preliminary

The $313 billion spent on travel and tourism in the United States generated $303 billion in sales receipts, after removal of retail sales taxes. This placed the travel industry in third place for the sixth year in a row, after ranking ahead of automotive dealers in 1982-83.

Automotive dealer sales advanced more than nine percent in 1988, while food store receipts increased about five percent. Travel-generated receipts continued to close on food store sales: travel receipts were 92 percent of food stores in 1988, up from 80 percent in 1981.

In terms of employment, travel directly generates more jobs than any other United States industry except health services (doctors, nurses, hospitals, laboratories, etc.). Travel activities directly provided more jobs in 1988 than total payroll employment in 13 states combined. The wage and salary income paid to these employees surpasses the combined payrolls of nation's steel and motor vehicle manufacturing industries.

Travel's Economic Impact

Travelers purchase goods and services, providing retail and service establishments with sales receipts. These receipts are used by proprietors to purchase the goods and services needed to serve the traveler. Labor, of course, is the major service that travel-related businesses purchase, generating wage and salary (payroll) income. During the process, tax revenue is generated for federal, state and local governments.

Table II-7 indicates how the $313 billion spent on travel in the United States during 1988 contributed to the national economy in terms of wage and salary income, employment, and tax revenue directly generated.

Table II-7: Measures of Travel's Economic Contribution in the United States, 1988 (preliminary)

Travel Expenditures	$ 313 billion
Travel-generated Business Receipts	$ 303 billion
Travel-generated Payroll	$ 70.3 billion
Travel-generated Employment	5.5 million jobs
Travel-generated Tax Revenue	$ 36.6 billion
Federal	19.4 billion
State	12.5 billion
Local	4.7 billion

Source: US Travel Data Center

Travel spending directly generated 2.9 percent of total wage and salary disbursements in the United States during the year, and 5.2 percent of total nonagricultural payroll employment. This spending also contributed 3.6 percent of the combined tax revenue of federal, state, and local governments for 1988.

During 1988, each dollar of travel spending in the United States generated 22 cents in payroll income, and 12 cents in tax revenue. Each $57,000 spent by travelers directly supported one job. Were the income and employment generated indirectly through the "multiplier" effect quantified, travel's contribution to the

United States economy would have appeared considerably larger.

Travel expenditures touch a multitude of various types of businesses in the United States. This variety and the predominantly small-business nature of these businesses can obscure the considerable benefits that accrue to United States residents in receipts, jobs, and income. The estimates above help clarify the important role that travel and the travel industry play in the American economy.

Travel Industry Receipts

Travel expenditures in the United States generate receipts for at least 15 different types of businesses. For some of these businesses, such as Amtrak and hotels/motels, travel expenditures account for a large majority of their receipts. For others, such as general merchandise stores and gasoline service stations, receipts from travelers account for less than one-fifth of the total.

In order to examine the course of the travel industry over the years, the sales of six types of businesses are aggregated and analyzed here. These businesses are distinguished by all owing at least one-third of their receipts to travel expenditures and by availability of reliable time series data from the U.S. Bureau of the Census and other national authorities.

By focusing on the changes in these aggregate receipts, we can obtain a fair picture of the course of the United States travel industry relative to the overall economy over time. The reader should note, however, that the aggregate industry receipts discussed here tell us nothing in themselves about the level of travel spending in the United States or the magnitude of business activity generated by this spending. This is because they comprise revenue from non-travelers as well as travelers and exclude important sectors of the travel industry for which annual sales data are lacking.

Travel industry sales have grown faster than total sales in the United States economy over the past decade. United States travel industry receipts increased 132 percent between 1978 and 1988, sixteen percentage points faster than GNP (Figure 2A).

Travel industry receipts in 1988 increased 7.9 percent according to preliminary estimates, somewhat less than the industry's long-term growth rate over the last decade (Figure 2B). Travel industry sales rose more rapidly than the rise in nominal gross national product (GNP), which posted the highest growth rate since 1984. Travel industry sales have increased faster than GNP during seven of the past ten years.

FIGURE 2A
TRAVEL SALES HAVE OUTPACED GNP GROWTH SINCE 1978

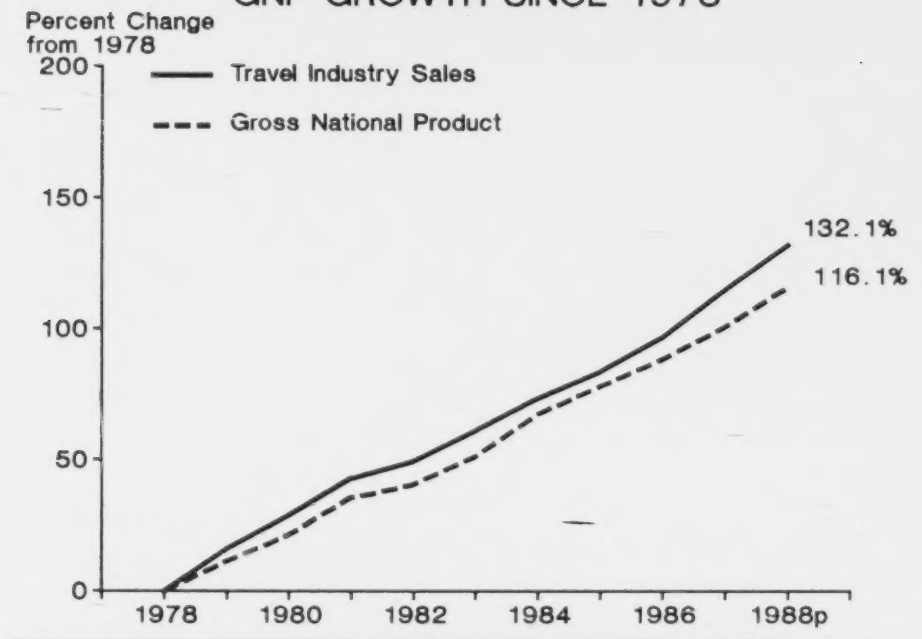


FIGURE 2B
TRAVEL INDUSTRY SALES EXCEEDED GNP GROWTH

p=preliminary
Source: US Travel Data Center, Table 2A

For 1989, travel industry sales as defined here are projected to increase almost seven percent, less than the 7.9 percent growth experienced in 1988 and short of the expected 7.2 percent increase in GNP. Sales receipts of air carriers in domestic service are expected to grow eight percent, not as vigorous as in 1988, but another record year in passenger revenue. Foodservice establishments are also projected to outpace other sectors: up 6.9 percent. Sales receipts of hotels and motels are expected to grow 6.1 percent, slower than during 1988.

Growth in travel spending increases the real demand for travel goods and services, but rising travel prices obscure how much industry growth is the product of increases in real activity and how much is due to price inflation. To arrive at a measure of real travel industry growth, we have to correct current dollar measures for changes in prices.

In Figure 2C, travel industry sales in current dollars have been deflated to represent real output, and the growth over the last ten years in industry and overall output have been charted. Real output for the travel industry has grown 33 percent since 1978, significantly faster than real GNP's 28 percent.

Real travel industry sales have increased at a compound rate of 2.9 percent a year over this decade, exceeding the growth in the overall economy as measured by real GNP.

As Figure 2D indicates, the industry's real output growth exceeded the overall economy in about one-half of the past ten years. Travel output did not decline during the 1981-82 recession, but did fall when petroleum prices soared in 1980. This suggests that the travel industry is more vulnerable to price inflation and petroleum fuel shortages than to overall economic downturns.

Travel industry real growth has been markedly slower during the 1980's than in the 1970's. During the earlier decade, travel output grew at a compound average rate of growth of 4.4 percent a year, outpacing the nation's overall output of goods and services. In 1980-82, however, petroleum shortages and inflation, coupled with two recessions, prevented the industry from growing. Since 1982, however, travel industry output has risen 3.8 percent a year, still not up to the rates enjoyed in the 1970's but about the same rate as posted by the overall economy.

FIGURE 2C
TRAVEL INDUSTRY'S REAL GROWTH HAS OUTSTRIPPED REAL GNP SINCE 1978

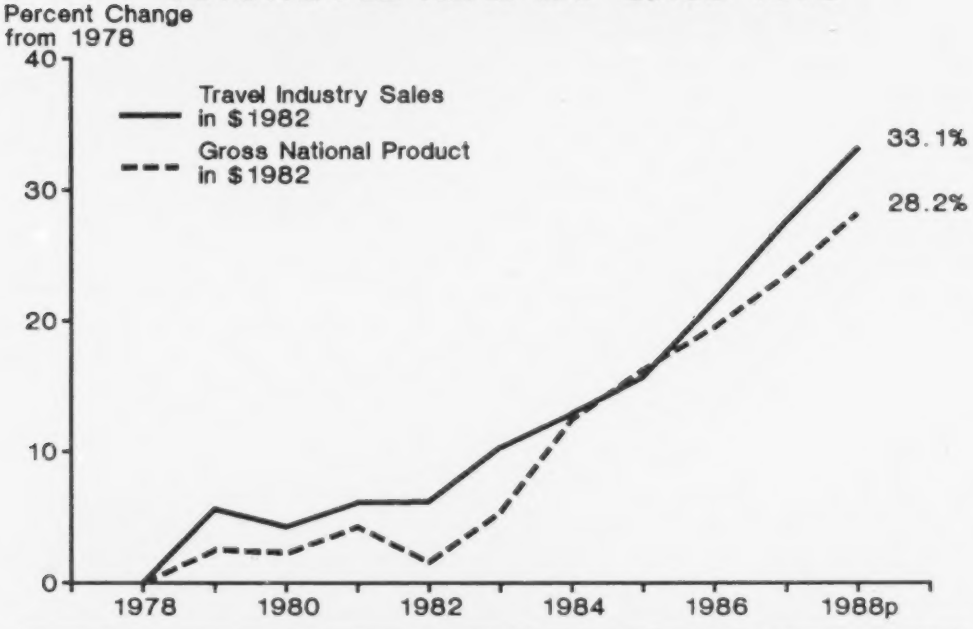
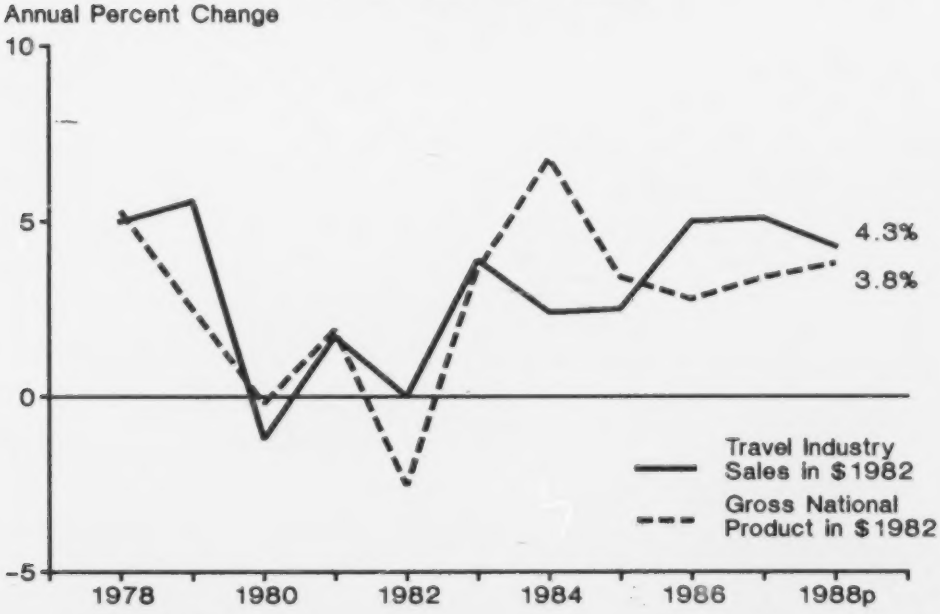


FIGURE 2D
REAL TRAVEL SALES OUTPACED REAL GNP IN 1988



p=preliminary
Source: US Travel Data Center, Table 2B

Competition for Discretionary Dollars

One explanation for the recent sluggish performance is that pleasure travel away from home, which accounts for more than 80 percent of the trips Americans take, must now compete with many more alternative uses of Americans' discretionary time and money.

Consumer spending on durable items, including automobiles, home furnishings and appliances, and home "do-it-yourself" materials, has grown dramatically since the last recession (Figure 2E).

Consumer durable spending declined in 1980 in response to the brief recession that year, and rose sluggishly during the sharp 1981-82 downturn. However, consumers shook off fears of economic insecurity and boosted consumer durable spending by $100 billion in 1983-84. The 1983 advance of 20 percent was the largest since the recovery year of 1976.

Even though personal income posted strong gains as well it did not rise fast enough to finance both a durables boom and increased pleasure travel. Rather, consumers chose to satisfy their pent-up demand for durables at the expense of maintaining previous levels of pleasure travel. Pleasure travel as measured by person-trips actually fell for three years in a row (1982-84).

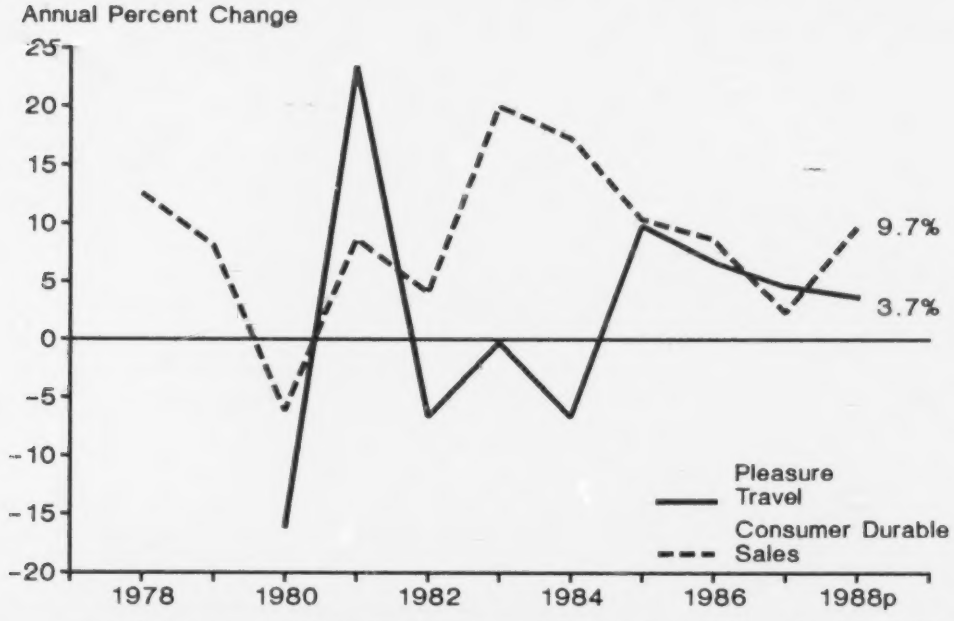
The rise in consumer durable purchases tapered off in 1985, and spending increases fell more in line with personal income gains. As a result, the proportion of annual personal income spent on these durables stabilized at little more than eleven percent for 1985-88, about the same rate as during the late 1970's (Figure 2F).

In addition to diverting discretionary consumer dollars away from pleasure travel, the recent proliferation of in-home entertainment options, such as video cassette recorders, cable TV, enhanced audio systems, and home computers, competes successfully for leisure time.

Moreover, expansion of entertainment and recreation opportunities in the local community, such as urban parks and recreation areas, enclosed shopping malls, and historic and themed attractions, now means the family looking for leisure time activities does not have to travel far to find them.

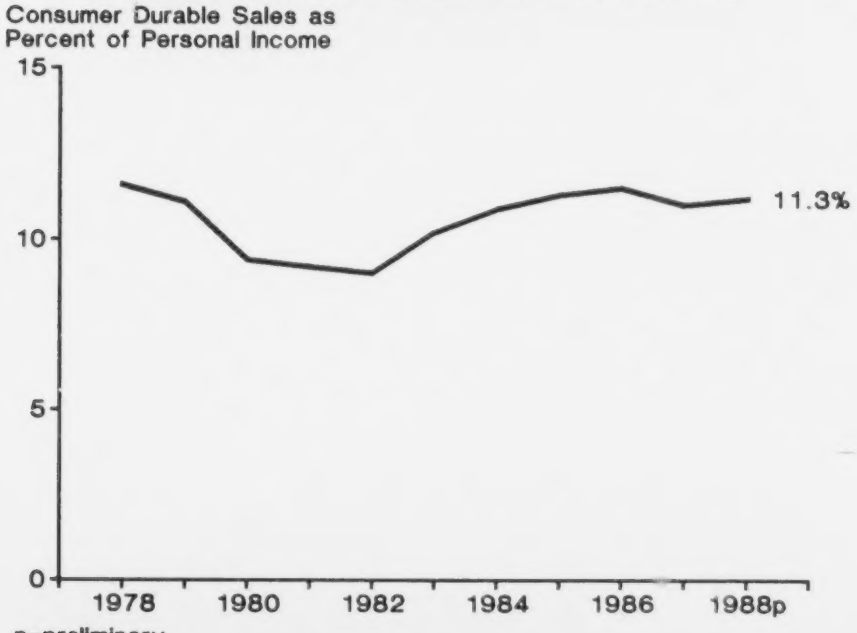
Consumer spending on durables rose nearly ten percent in 1988, more than twice as fast as pleasure travel. Given the past relationship between these two activities, it appears that the growth in durable purchases was at the expense of pleasure travel.

FIGURE 2E
DURABLE SPENDING AFFECTS PLEASURE TRAVEL



p=preliminary Note: Pleasure travel data not available prior to 1980
Source: US Travel Data Center. Table 2E

FIGURE 2F
PERCENT OF ANNUAL PERSONAL INCOME SPENT ON CONSUMER DURABLES



p=preliminary
Source: US Travel Data Center, Table 2E

In conclusion, travel away from home must increasingly compete with consumer durables and local recreation opportunities for discretionary dollars and leisure time. This may well be the explanation for relatively sluggish rates of travel-demand growth in recent years in the midst of a growing economy.

Travel Transport Activity

Americans traveled nearly 1.5 trillion passenger-miles on trips away from home on the nation's highways, railways, and skyways during 1988. This is equivalent to a round-trip between New York and Los Angeles for every man, woman, and child in America.

The growth in personal motor vehicle travel (including automobiles, trucks, and recreational vehicles) outpaced common carriers (including air, bus, and rail) for the first time since 1981. This is a result of the lower petroleum costs in 1988 and is indicative of the price sensitivity of this mode of travel (Figure 2G).

The nation's air carriers posted a 3.8 percent increase in domestic passenger-miles, as higher fares restrained traffic. Amtrak passenger-miles rose nine percent to lead all modes in growth. Personal motor vehicle travel away from home grew 4.8 percent, substantially above this mode's long-term rate of growth (1.5 percent).

Since 1978, common carrier travel, dominated by the nation's airlines, has grown at a compound rate of 5.4 percent annually, more than three times the rate of personal motor vehicle travel. Air passenger-miles increased more than six percent a year over the past decade, and rail travel grew nearly four percent annually. Although the data are sparse, intercity bus passenger-miles appear to have declined about one percent a year over the past decade.

The common carrier share of total domestic passenger-miles away from home increased in every year since 1981 until posting a small decline in 1988 (Figure 2H). Yet, common carriers still account for one-quarter of total intercity passenger-miles, their largest share in the postwar period.

The Travel Agency Distribution System

Travel agencies make travel reservations for the public and sell transportation, lodging, and other travel services on behalf of the producers of these services. They are retailers: they sell travel services provided by others directly to the final customer.

FIGURE 2G
AUTO TRAVEL OUTPACED COMMON CARRIER TRAVEL IN 1988

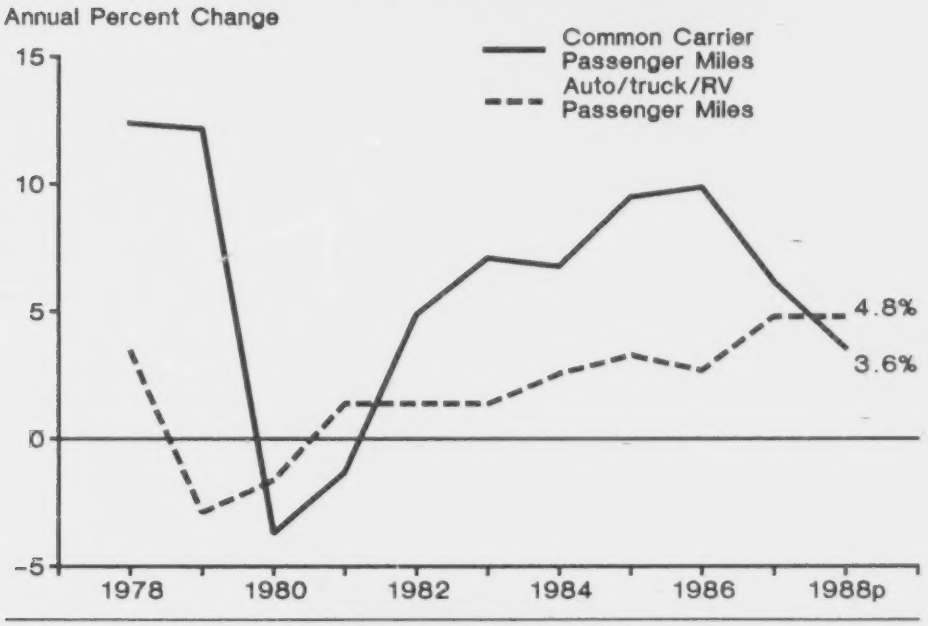
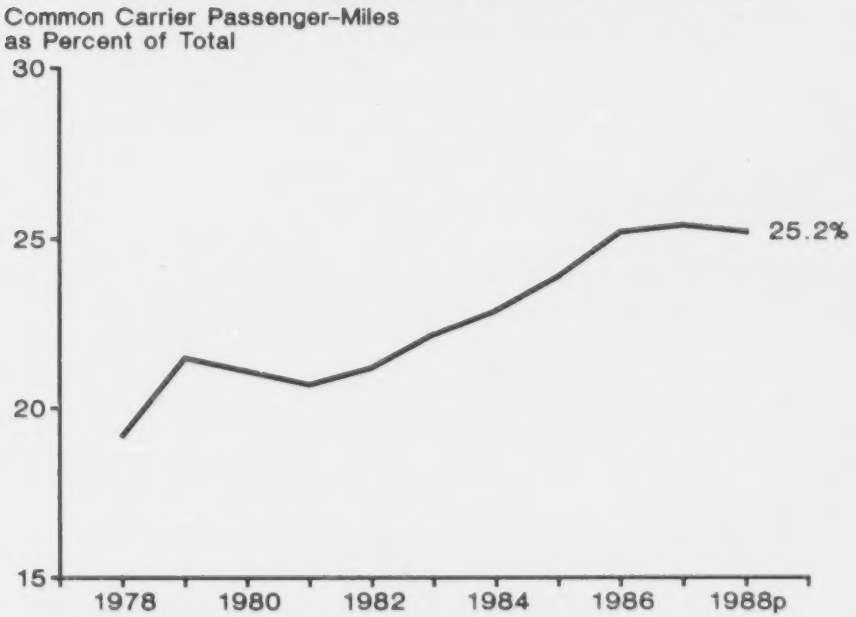


FIGURE 2H
COMMON CARRIER SHARE OF TRAVEL DECLINED SLIGHTLY IN 1988



p=preliminary
Source: US Travel Data Center, Table 2C

The remarkable growth in this segment of the industry has slowed in recent years. Travel agency locations appointed by the nation's scheduled airlines to sell tickets now number more than 32 thousand, twice as many as nine years ago. Employment in these agencies now exceeds 160 thousand workers.

The explosive growth in travel agency locations that characterized the first half of this decade has waned. According to the Airlines Reporting Corporation (ARC), the number of agency locations increased by 7.7 percent in 1988, but most of this gain was accounted for by satellite ticket printer locations. These printers are primarily used to supply tickets, boarding passes, and itineraries to corporate offices.

The ARC approved 3,794 new agencies 1988, but 1,466 existing locations closed their doors, for a net gain of 2,328. As shown in Table II-8, more than half of the net increase in agency locations was accounted for by satellite ticket printers. Home office, branches and single entity locations increased by less than four percent, while customer premise in-plant agencies actually declined in number.

Table II-8: Travel Agency Locations, 1986-1988

Locations	1988	1988/87 change	1987/86 change
Home Office	2,697	0.9%	-3.5%
Single Entity	19,891	3.0	3.0
Branches	7,536	7.8	3.9
Customer Premise In-plant	227	-16.2	-27.3
Satellite Ticket Printers	2,146	134.5	201.0
Total	32,497	7.7%	4.3%

Source: Airlines Reporting Corporation

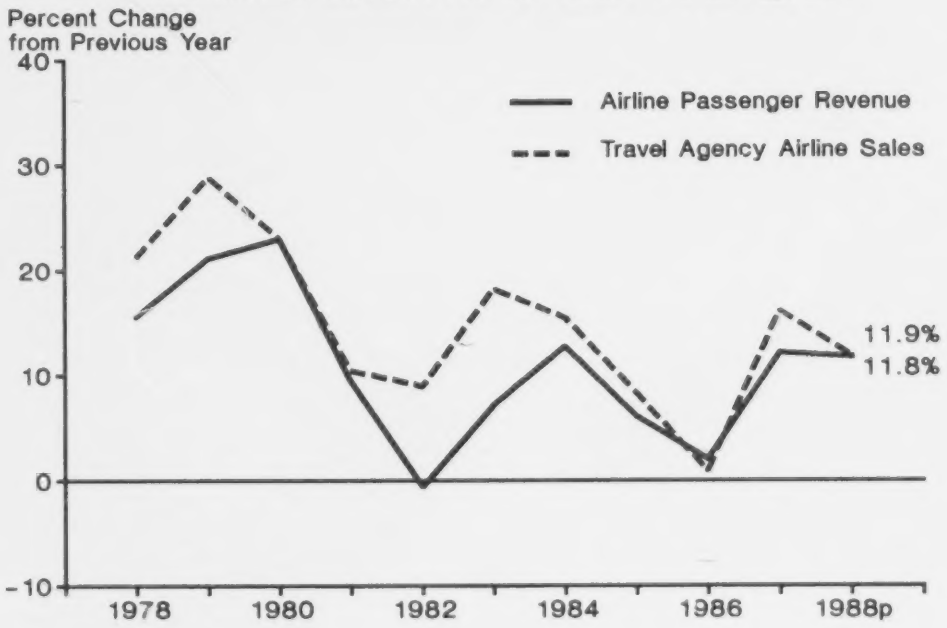
Total travel sales to the public by U.S. travel agencies are estimated by the most recent Travel Weekly/Louis Harris study to have exceeded $64 billion in 1987. Agents book only ten percent of the trips Americans take away from home, but these account for 20 percent of the total they spend on travel. This suggests Americans spend twice as much per trip on travel they book through agents as on travel they book directly.

Airline ticket sales through travel agencies now comprise 84 percent of total U.S. airline passenger revenue, up from 65 percent at the beginning of this decade. Figure 2I shows the relative growth of air sales through travel agencies and total airline passenger receipts for the nine years consistent data are available.

Since 1978, travel agency sales have grown at a compound rate of more than 14 percent a year, forty percent faster than airline sales. But in 1988, travel agency airline sales grew at the same rate as total United States airline receipts, about twelve percent. The travel agency sector may have entered maturity in the mid 1980's, with sales expected to rise in line with airline passenger receipts in the future.

Travel agents play a major role in the distribution of travel services to the public. Agency performance in recent years suggests the share of total travel expenditures through travel agencies will continue to grow unless changes in technology and travel supplier sales policies reshape the distribution system.

FIGURE 2I
TRAVEL AGENCY SALES EXPERIENCED
RENEWED GROWTH IN 1987 AND 1988



Source: US Travel Data Center, Table 2D

Travel is Small Business

The United States travel industry has played a substantial and dynamic role in the long-term growth of the American economy. Much of this must be attributed to the predominantly small business character of the industry.

The most recent data available (Table II-9) indicate that 98 percent of the nearly 336 thousand firms in the travel industry are classified as small businesses by the U.S. Small Business Administration.

Table II-9: Small Business Firms and Total Firms in the Travel Industry, 1982

Sector	Total firms	Small business firms	Small business as percent of total firms
Transportation			
Air	48	24	50.0%
Bus*	1,500	1,425	95.0
Rail	1	0	0.0
Lodging			
Hotels/motels	30,928	26,234	84.8
Campgrounds, trailer parks	3,932	3,924	99.8
Foodservice			
Eating and drinking places	258,314	257,198	99.6
Entertainment/recreation			
Amusement & recreation services	40,946	40,442	98.8
Primary travel industry	335,669	329,247	98.1%

*estimate

Source: US Travel Data Center, based on data from the U.S. Bureau of the Census, Small Business Administration, Interstate Commerce Commission, Amtrak, World Aviation Directory

This has been a major strength of the travel industry. Individuals find ample opportunity to establish their own enterprises and offer distinctive services for the traveling

public. A small business environment tends to be strongly competitive, encouraging good service and fair pricing. Moreover, it expands consumer choice, making for a better life for the American traveler and the foreign visitor.

Recent research has also found that small businesses are a stabilizing influence, slowing the rate of economic decline during business downturns and in weak geographic regions. And they far outpace large firms in producing new jobs over the long term.

However, small businesses can be hamstrung by their lack of financial resources and vulnerability to unfair government energy, tax, and regulatory policies. For example, they do not have the advertising budgets necessary to tap lucrative foreign visitor markets. And their funds for campaigning against unfair public policies are often inadequate.

Small businesses generally thrive in a deregulated economic environment, and are encouraged when fair antitrust laws are vigorously enforced. Public officials should recognize that policies that assist the travel industry encourage small business development in America. On the other hand, decisions that retard the growth of travel and the industry that serves it are most harmful to those businesses least able to withstand them.

Conclusion

Travel in America is a major economic force, providing tax revenue for federal, state, and local governments, receipts for hundreds of thousands of business firms, and income for millions of employees. Its course contributes to the nation's growth and economic stability as well as to the quality of life our citizens enjoy. As a constructive economic force, travel and tourism deserve the thoughtful consideration of business executive and public policymakers.

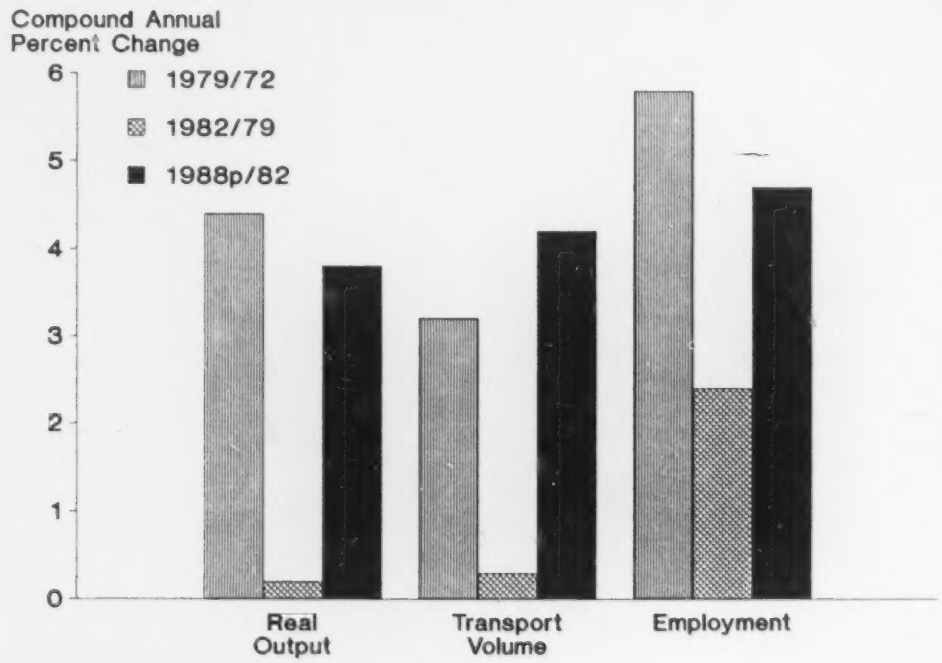
There is evidence that real travel demand in America is expanding more slowly during this decade than it did in the last. As indicated in Figure 2J, the recessions, petroleum shortages, and high inflation restrained travel demand and employment in 1979-82. Since that time, all three measures of real industry growth have recovered, but real output and employment in the travel industry have grown more slowly than before. Transport volume accelerated because travel picked up after the petroleum fuel shortages of the 1970's.

Part of this slowdown can be attributed to a decline in the overall economy's rate of growth, but consumer predilection for homes, automobiles, and related items and partiality for in-home and community entertainment experiences are growing competition for discretionary travel away from home.

A slowly growing economy, stable prices, and falling exchange rates are not enough to boost domestic travel demand by much. Travel will remain a major economic force in America, but the rate at which it grows is of prime concern to many small businesses such as travel agencies and governments in most jurisdictions.

Firms that recognize business growth requires more than a passive presence in the market place, and governments that realize higher taxes can inhibit travel to and within the U.S. are good insurance against stagnation in travel demand in America.

FIGURE 2J
TRAVEL INDUSTRY PAST AND PRESENT



p=preliminary
Source: US Travel Data Center, Tables 2B, 2C, 4A

III. TRAVEL PRICE INFLATION

Travel price inflation can seriously hinder the growth of travel and tourism in America. Two relationships are particularly important: (1) the "substitution effect" -- how rapidly travel prices increase relative to prices of other consumer items and (2) the "income effect" -- the rate of travel price inflation compared to personal income growth.

First, if the costs of travel-related goods and services rise faster than prices of other items, consumers will be encouraged to switch to less expensive business communication and leisure alternatives. They will seek to use substitutes for travel such as telecommunications and local recreation to keep their costs down. On the other hand, if travel prices fall relative to other goods and services, consumers and businesses will tend to purchase more travel-related goods and less of their substitutes.

Second, if travel prices rise faster than the means to purchase travel -- personal income or business receipts -- then consumers and business people will purchase less travel in real terms. Since the great majority of travel purchased is for non-business purposes, the relationship of travel prices and personal income is a key to how fast travel demand grows.

The Travel Price Index (TPI) was developed by the US Travel Data Center to measure changes in the cost of travel away from home in the United States by consumers. It is based on U.S. Department of Labor price data collected for the monthly Consumer Price Index (CPI). The CPI is a measure of the average change in prices paid by urban consumers for a fixed collection of goods and services. It is representative of the buying habits of about 80 percent of the noninstitutional population of the United States.

Since it is based on the CPI series incorporating a fixed set of weights, the TPI does not necessarily represent changes in the average fares, rates, and other prices travelers actually pay. When faced with a rise in the posted price of a coach seat on an airline, for example, a traveler can choose to pay that price or opt for a lower, restricted fare requiring travel at certain times of the week and carrying a penalty for changing plans. So the price <u>offered</u>, which the TPI measures, may differ from the price <u>taken</u> if consumers change purchase patterns in response to a price change.

Beginning with the release of data for January 1988, the CPI has shifted to a new reference base of 1982-1984=100. Previously the standard base year was 1967=100. The TPI has also been updated to be compatible with the CPI rebasing. The shift to the new base

does not in itself cause major changes to previously published percent changes, though rounding differences may have some impact.

In 1988, the TPI rose four percent over the previous year, approximately the same rate as the average cost of all items consumers buy, but considerably less than its long-term growth rate (Table III-1). In addition, the cost of travel increased substantially less than personal income growth. Neither the substitution effect nor the income effect restrained travel in 1988. Indeed, 1988 marked a new all-time record for travel volume.

The cost of hotel/motel lodging led all other components with a 5.7 percent increase in 1988. Entertainment/recreation costs registered the second largest rate of growth. On the other hand, airline fares, motor fuel prices, and intracity transportation prices were moderating influences on the TPI.

All items rose more slowly than their long-term trends, with airline fares showing the greatest moderation, followed by intracity public transportation.

Table III-1: Travel Price Inflation, 1978-1989
Projected (annual compound percent change)

Component	Projected 1989	1988	1987	1988/78
Airline fares	5.0%	1.1%	4.9%	10.6%
Other intercity transport*	5.0	4.7	1.0	8.5
Intracity transport**	2.0	2.4	2.6	7.8
Motor fuel	-1.0	0.9	4.0	4.6
Lodging while out of town	4.0	5.7	6.2	8.7
Food/beverages away from home	4.5	4.2	4.0	6.0
Entertainment/ recreation	5.0	5.5	5.5	5.7
Travel Price Index	3.5%	4.0%	5.4%	7.1%
Consumer Price Index	4.7%	4.1%	3.6%	6.1%

*includes bus and rail
**includes mass transit and taxicabs
Source: US Travel Data Center, based on data from the U.S. Bureau of Labor Statistics.

Also shown in Table III-1 are compound annual inflation rates over the last decade. Overall, the TPI rose more than seven percent a year, led by airline fares, lodging, and other intercity transportation. Motor fuel costs were a moderating factor.

In 1988, all items rose considerably less than their long-term rates of growth, bringing travel price inflation forty percent below this trend. Indeed, travel prices are now rising about as fast as all consumer items, instead of one-sixth faster as over the last ten years.

For 1989, the costs of food and beverages away from home are expected to rise more rapidly in response to the drought of 1988. Airlines will raise fares aggressively, and bus fares will accelerate as well.

On the other hand, hotel/motel rates will ease their rapid ascent as over-building encourages price competition in many areas. Gasoline fuel prices are expected to decline one percent as more of the crude oil price declines of 1988 are passed on to consumers this year.

In 1979-80, travel prices soared in response to rising crude oil prices resulting from the Iranian revolution's impact on world oil supplies. Gasoline and common carrier fuel costs loomed larger in the TPI than in the CPI, so the latter rose more slowly. Since 1982, travel prices and overall consumer prices have moved closely together (Figure 3A). At these rates, travel is staying competitive with alternatives and remaining affordable for businesses and consumers. No long-term trend is yet evident to show travel gaining or losing price advantage over competing items.

The common carrier and lodging components of the travel industry have produced the greatest price hikes in the past decade (Figure 3B). Between the decade's beginning and end, three other components of travel prices -- gasoline, food, and entertainment/ recreation -- rose considerably less and helped dampen TPI growth.

Since 1972, travel price inflation has been greatly influenced by petroleum costs because major components of travel prices require heavy use of petroleum products. Airline fares, bus fares, and gasoline prices are directly affected by the cost of oil. Petroleum prices soared early in the decade, boosting the TPI. Fortunately, oil prices have fallen in recent years, restraining travel price inflation.

FIGURE 3A
TRAVEL PRICES KEPT PACE WITH CONSUMER PRICES IN 1988

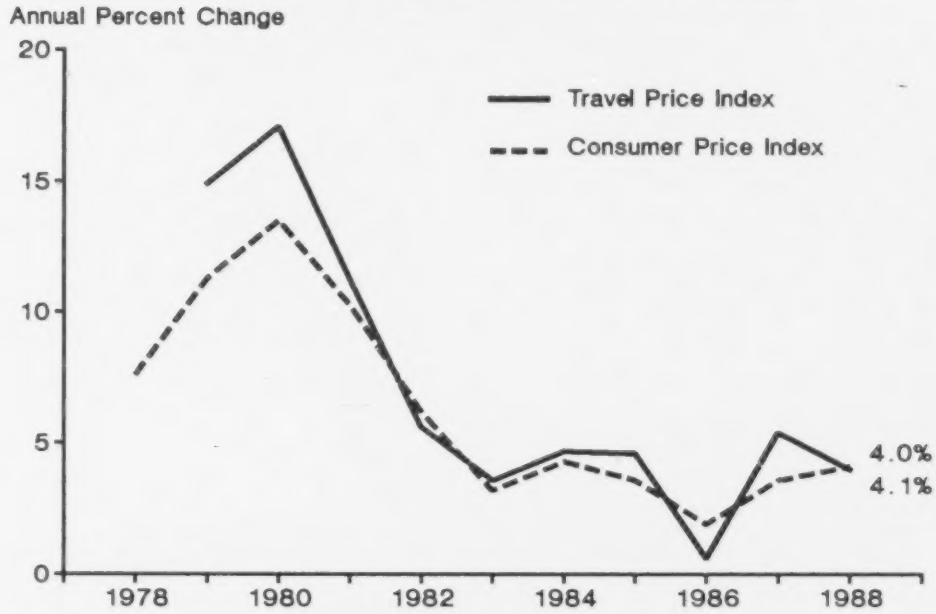
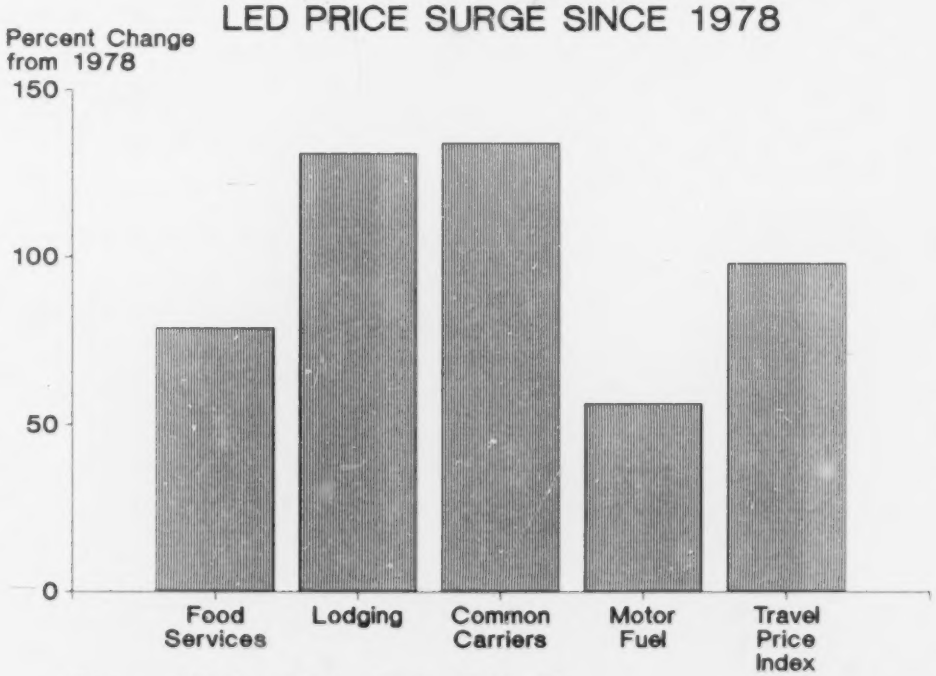


FIGURE 3B
CARRIERS AND LODGING HAVE LED PRICE SURGE SINCE 1978



Source: US Travel Data Center, Table 3A

Figure 3C shows the relationship between the combined real output of the six sectors that comprise the primary travel industry in this report and an adjusted TPI including only the corresponding six price indices. The inverse relationship between the TPI and real travel sales demonstrates how businesses and consumers respond to price fluctuations and adjust their travel behavior accordingly. Relatively low TPI rates are usually associated with higher rates of real travel industry growth, and vice versa.

During periods of rapid travel price inflation, businesses and consumers seek less-expensive alternatives to business and pleasure travel, such as telecommunication and local recreation. When travel inflation moderates, they tend to increase their real travel activity as substitutes become less price-competitive. This relationship is more pronounced when these fluctuations are of greater magnitude as shown in Figure 3C.

Relative changes in consumer prices and personal income also have important implications for travel demand. If the costs of travel and other consumer items rise more rapidly than personal income, households will cut back on real travel activity. The reverse scenario also holds. If personal income increases faster, consumers are likely to spend more on travel.

FIGURE 3C
REDUCED INFLATION OFTEN ENCOURAGES TRAVEL DEMAND

p=preliminary
Source: US Travel Data Center, Tables 2B, 3A

The relationship between prices and personal income improved in 1988. Consumers gained purchasing power as personal income rose 7.5 percent while the CPI increased by only four percent, for a net increase of more than three percent.

If consumers chose to buy travel-related items in 1988, their purchasing power increased as well. The 1988 increase in traveler purchasing power doubled that in 1987. This jump in purchasing power for traveling consumers helped to push travel sales higher in 1988.

The outlook for 1989 is for the TPI increasing only 3.5 percent as a drop in gasoline prices offsets accelerating air fares and food service costs. Travel prices will grow significantly less than overall consumer prices for the year.

Moreover, a projected seven percent rise in personal income in 1989 should prove positive for the travel industry. Consumers are likely to have an increasing amount of income available to spend on travel as income rises faster than both travel and overall prices.

The travel industry can shape and encourage market growth through responsible pricing. Efforts to control costs and use more efficient equipment can promote growth of real travel activity. Resisting unfavorable changes in government tax and regulatory policies will also bear fruit in terms of sales growth. The end result will be favorable relative prices and increasing purchasing power, and the travel price inflation obstacle will be overcome.

IV. TRAVEL AND EMPLOYMENT

Travel and tourism in America directly generated 5.5 million jobs in 1988, more than five percent of total nonagricultural payroll employment in the United States. This ranks travel and tourism as a leading private employer, second only to health services. It is surprising but true that employment generated by travel in the United States exceeds the populations of 70 countries.

Travel activity in the United States has continually demonstrated the ability to create new jobs faster than the rest of the economy, to provide a disproportionate number of jobs for the traditionally disadvantaged, and to produce new employment opportunities during economic recessions.

Travel Creates New Jobs Rapidly

The travel industry continually outperforms the overall economy in creating new jobs. Since 1972, the earliest year for which complete data are available, payroll jobs in travel-related businesses have more than doubled while total United States payroll employment increased by less than one-half.

The travel industry has contributed to job growth far in excess of its size. Just in the last decade travel industry employment has grown 49 percent, more than twice the growth rate for all U.S. industries (Figure 4A). The 3.1 million new jobs provided by the industry since 1978 provided nineteen percent of the national increase in employment. Yet the travel industry collectively accounts for less than nine percent of all U.S. employment.

Travel Provides Jobs for the Disadvantaged

Minority groups, women, and youth have traditionally found it more difficult than other Americans to finds jobs. The travel industry has proved itself to be an abundant source of jobs for these groups.

The United States travel industry offers a disproportionate number of jobs for blacks, hispanic-Americans, and women (Table IV-1). The industry is a rich source of jobs for the latter two groups, providing one-fifth more jobs for its size than the rest of the economy does.

Table IV-1: Black, Hispanic and Female Share of Employment, 1987

Group	Employment share of the travel industry	Employment share of all U.S. industries
Blacks	11.2%	10.1%
Hispanic	8.8	6.9
Women	52.9	44.8

Source: US Travel Data Center, U.S. Department of Labor; includes air transportation, eating and drinking places, hotels and motels, amusement and recreation services, and museums, art galleries, and zoos.

Annual estimates are not available on youth employment by industry. However, data available from the 1980 Census of Population indicate those aged 16 to 24 years account for nearly 42 percent of employment in travel industry firms, compared to only twenty percent of total employment in the United States. It appears it is twice as easy for youths to find jobs in the travel industry as in other industries.

In 1987, the travel industry as defined here provided 970 thousand jobs for blacks, 765 thousand jobs for hispanic-Americans, and nearly 4.6 million jobs for women. It appears likely that the industry also employed nearly four million youths as well that year.

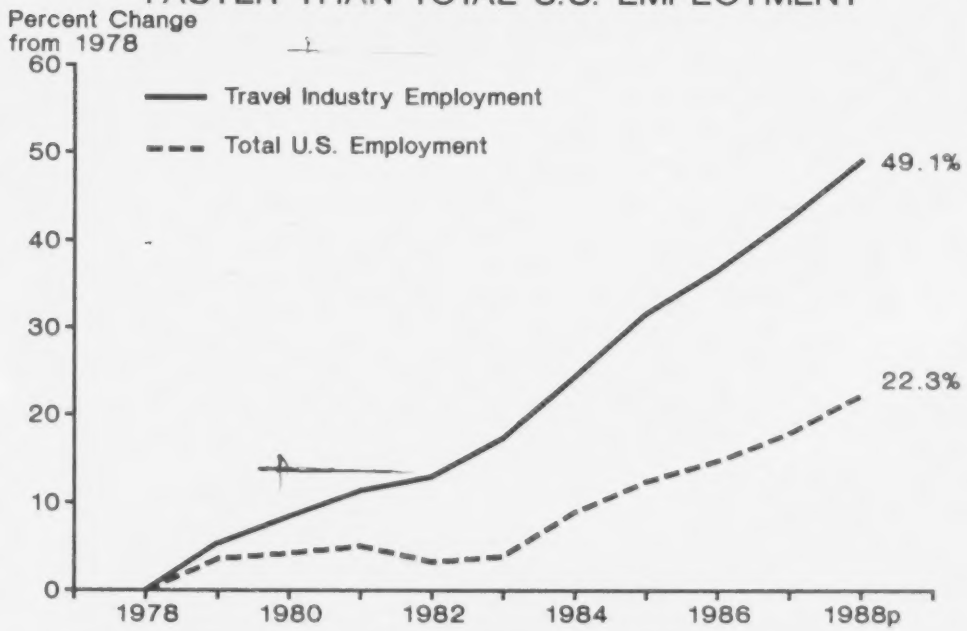
The U.S. Department of Labor projects that eighty percent of new entrants into the work force by the end of this century will be minorities, women, and immigrants. Travel and tourism can be counted on to offer abundant job opportunities in the future for those who encounter the greatest difficulty in finding employment.

Travel Creates Jobs in Recessions

Employment in the travel industry has risen in every year since 1958 despite five economic recessions. This enviable record is not duplicated by the rest of the economy. Total payroll employment has declined during three of the last 30 years.

The last recession ran from July 1981 through November 1982 and was one of the worst in the postwar period in terms of job loss and unemployment. By the downturn's end, United States payroll employment had declined 1.7 percent below the previous year (Figure 4B).

FIGURE 4A
TRAVEL INDUSTRY EMPLOYMENT HAS GROWN FASTER THAN TOTAL U.S. EMPLOYMENT



p=preliminary

Source: US Travel Data Center, Table 4B

FIGURE 4B
TRAVEL INDUSTRY EMPLOYMENT GREW THROUGHOUT THE 1981-82 RECESSION

Source: US Travel Data Center

This translated into a decline of 1.6 million jobs in the overall economy. Travel industry employment, however, was 103 thousand jobs higher than the previous November. Indeed, travel industry employment continued to grow throughout the recessionary period.

The travel industry can point to similar successes during earlier recessions: while employment in other sectors declines, travel industry employment continues to expand. Travel appears to be a counter-recessionary force in our economy, helping to offset employment losses in other industries and moderating the recession's damaging effects on jobs and income.

Travel Employment Outpaces the Economy during Expansions

Despite the recession's end in November 1982, total United States employment continued to decline for several months in 1983. Travel industry employment, on the other hand, rose month after month, producing healthy increases throughout the year. Since 1982, travel industry employment has grown three-quarters faster than jobs in the overall economy.

Jobs in the overall economy increased more rapidly than in the travel industry for the early months of 1988. However, total employment growth tailed off in April and for the balance of the year rose considerably more slowly than travel employment (Figure 4C). By June, the industry's growth rate reached nearly five percent while total employment was up barely three percent.

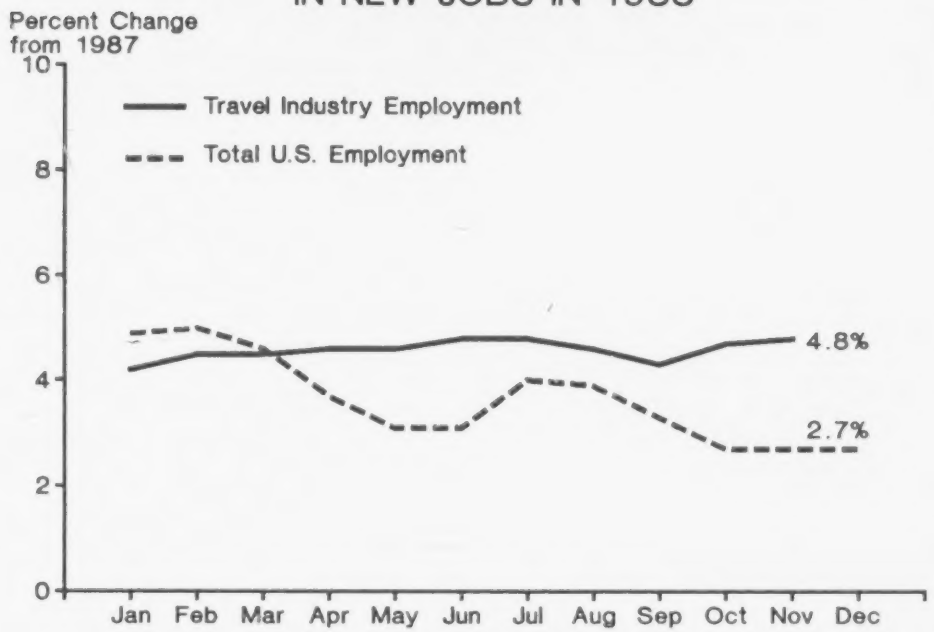
For the year as a whole, travel industry employment increased by 417 thousand jobs, more than eleven percent of the additional jobs created in the entire U.S. economy. Travel industry employment accounted for nine percent of total U.S. employment in 1988, up from 7.4 percent a decade earlier.

It is remarkable that the industry outpaces the overall economy in creating new job opportunities in both economic recession and recovery.

Conclusion

Travel activity in America generates a substantial amount of the nation's employment. Over the long-term, the travel industry has created new jobs more than twice as fast as the overall economy. The industry is an abundant source of job opportunities for minorities, women and youth, groups traditionally disadvantaged in the nation's labor markets.

FIGURE 4C
TRAVEL INDUSTRY EXCELLED IN NEW JOBS IN 1988



Source: US Travel Data Center, Table 4B

The travel industry proved again to be a significant counter-recessionary force in the 1981-82 economic decline as it had in the previous four recessions. And since the current economic recovery began, the travel industry has provided one out of every seven new jobs created in the economy.

Providing plentiful job opportunities for all its residents has long been the nation's top economic priority. The travel industry stands out among United States industries in progress toward this goal. Public policies conducive to long-term economic growth, price stability, fair international trade, and unrestricted access to energy supplies can help insure the travel industry contributes as much in the future to meeting our employment requirements as it has in the past.

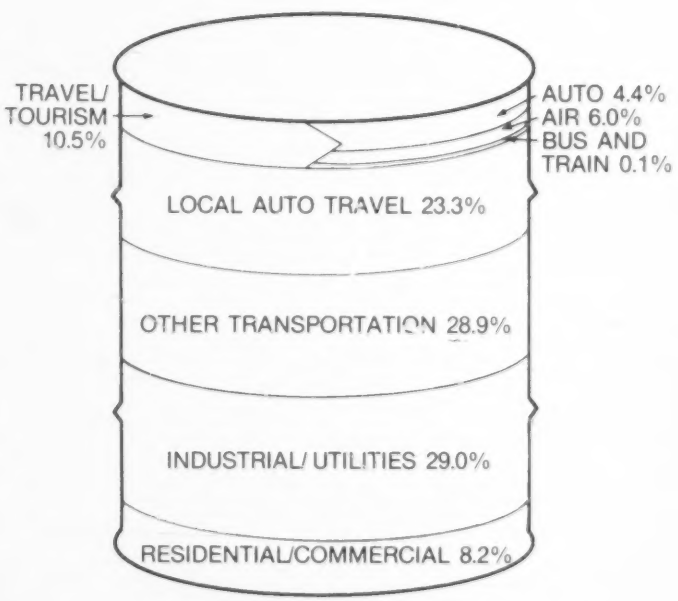
V. TRAVEL AND ENERGY

Travel away from home requires transportation, and American transportation is dependent on petroleum fuels for 97 percent of its fuel. Consequently, the cost and availability of petroleum are major factors determining the course of travel and the industry that serves it.

Petroleum consumption for all transportation activity in the United States increased by 2.4 percent in 1987 and accounted for 63 percent of all petroleum products consumed in the United States (Figure 5A). (Reliable petroleum consumption data for 1988 are not yet available.)

Petroleum fuels consumed by travel and tourism transportation in 1987 accounted for little more than ten percent of total United States petroleum consumption, and grew one-half as fast as consumption by other transportation activities (eg., local transportation, freight transportation).

FIGURE 5A
TRAVEL AND TOURISM ACCOUNT FOR UNDER 11% OF DOMESTIC PETROLEUM CONSUMPTION



U.S. Consumption of Petroleum in 1987 was 6,083 Million Barrels.
Source: *US Travel Data Center, Table 5A*

Travel Transportation Efficiency Is Growing

In terms of barrels of petroleum products consumed, travel transportation increased two percent to 640 million barrels in 1987. This increase permitted a five percent rise in intercity passenger-miles for that year, indicating travel transportation continued its trend toward more efficient use of fuel. United States travel away from home by all modes averaged 52.4 passenger-miles per gallon in 1987, up nearly three percent from the previous year.

Gasoline consumption in personal motor vehicle travel (automobiles, trucks, motorcycles, and recreational vehicles) fell by 0.6 percent but permitted Americans to travel 4.8 percent more passenger-miles away from home. Petroleum consumption of domestic air carriers increased over five percent in 1987 but supported a seven percent increase in passenger-miles.

For the year, a gallon of gasoline produced 92 passenger-miles in travel away from home by personal motor vehicle, up more than five percent from 1986. In contrast, a gallon of airline fuel produced 23.1 passenger-miles, up one percent from the previous year. Of course, air travelers saved considerable time and effort in choosing to fly rather than drive to their destinations.

The nation's certificated air carriers consumed 53 percent of petroleum consumed by all modes of transport away from home. Personal motor vehicles accounted for 42 percent, while the remainder was used by general aviation and intercity bus and rail transportation.

Dependence on Foreign Sources

United States oil imports rose six percent in 1988 to an average of 6.3 million barrels a day. While still far short of the record 8.6 million barrels a day imported on 1977, the trend is disturbing. The proportion of our oil consumption imported from other countries has risen, to 37 percent in 1988, the highest percentage since 1979.

Two factors are primarily responsible for our rising dependence on foreign oil: rising demand and reductions in domestic oil production. In 1988, our production fell to its lowest point in 25 years. Demand, however, rose approximately two percent.

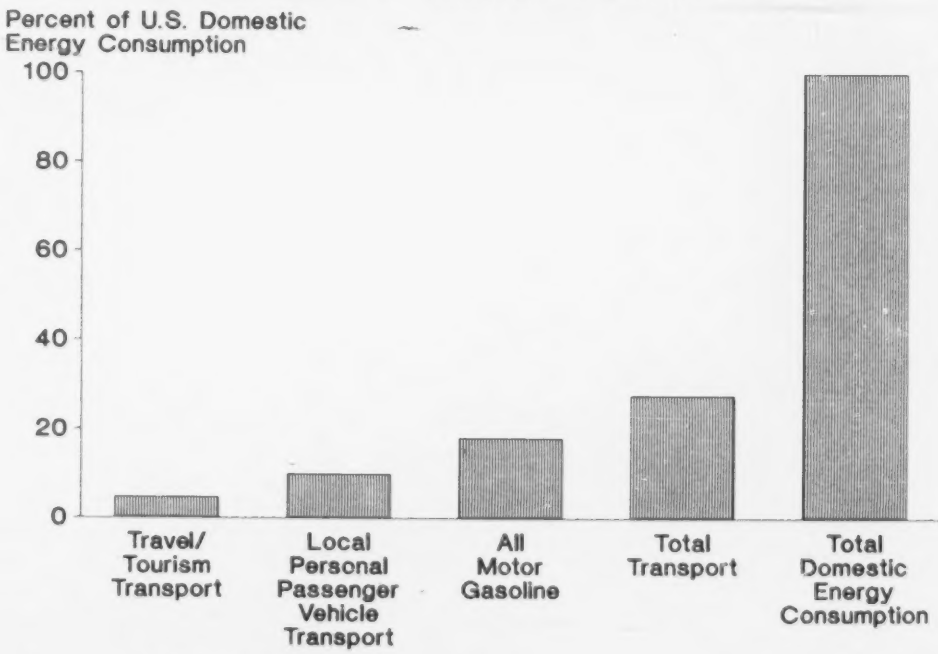
Many are concerned about our rising dependence on imported petroleum. They point out that this makes the United States increasingly vulnerable to "oil blackmail" as foreign governments use our dependence upon their resources to extort political concessions.

Others argue that greater reliance on foreign sources of petroleum is not necessarily bad. For one thing, as long as domestic oil production prices are higher than those of foreign producers, the United States economy is better off with the cheaper imports. For another, the ability of Middle Eastern nations to severely disrupt our economy has declined markedly from 1979, as Canada, Mexico, Great Britain, and other more stable sources of oil have gained in world market share. Finally, our industries have become much more adept at switching to alternative energy sources such as natural gas if oil supply conditions warrant.

In brief, there is no need to panic at our rising dependence on foreign producers, but redoubled efforts to utilize petroleum more efficiently would limit the damage an international supply disruption would cause, and reduce our trade deficit as well.

The world price of oil affects both supply of and demand for petroleum fuels in the United States. As oil prices remain weak from continued overproduction among the world's primary oil producers, domestic production is discouraged while demand is stimulated. While prices rose in early 1989, it is unlikely the cost of oil will remain much above the $15 a barrel prevailing at the end of 1988. This is good for consumers, bad for U.S. producers, and a cause for concern as we try to improve our balance of trade.

FIGURE 5B
TRAVEL AWAY FROM HOME COMPRISED ONLY 4.6% OF DOMESTIC ENERGY DEMAND IN 1987



Source: US Travel Data Center, Table 5B

Conclusion

Travel and tourism transportation comprised only 4.6 percent of the nation's total domestic energy demand in 1987, no change from 1986 (Figure 5B). Travel transportation fuel requirements are considerably less than other sectors, yet they support a substantial amount of economic activity. For example, for every barrel of petroleum consumed in travel and tourism during 1987, $490 was spent by travelers.

In short, travel and tourism activity requires a small amount of energy to make a large contribution to our economic welfare and quality of life. In times of concern over petroleum imports or shortages, little can be saved by drastically curtailing travel away from home. Rather, national efforts to encourage efficiency and conservation in nonessential local travel would go much further toward meeting our energy objectives.

VI. INTERNATIONAL TRAVEL TRENDS

The U.S. dollar continued to slide in foreign exchange markets. As a result, foreign visitor volume to the United States boomed and U.S. travel abroad increased modestly.

As 1989 began, the dollar stabilized and even rose a bit against the German mark, the French franc and the Mexican peso. However, these improvements are considered temporary and not large enough to affect international tourism flows to any measurable degree. A relatively weak dollar and continued world economic expansion indicate 1989 should be another good year for inbound tourism to the United States.

While preliminary totals for 1988 were available when this report was completed, detailed estimates by country were not. Consequently, most of the analysis focuses on developments in 1987. The U.S. Department of Commerce's international travel and passenger fare series are being revised to incorporate results from the U.S. Travel and Tourism Administration's (USTTA) Survey of International Air Travelers.

Foreign Visitors to the U.S.

Foreign visitor expenditures in the United States rose 22 percent in 1988 to a record $18 billion. This was the largest percentage increase since 1981 and the largest absolute increase in U.S. history. Since the dollar began its decline in major foreign exchange markets in early 1985, foreign visitor spending here has increased at the rate of 15.6 percent a year.

Employment directly supported by these visitors reached 300 thousand and payroll income topped $3.8 billion (Table VI-1). Rising expenditures and tax rates produced double-digit increases in Federal, state, and local tax revenues generated by foreign visitor spending in the United States.

Table VI-1: Measures of Foreign Visitors' Economic Contribution in the United States, 1988 (preliminary)

Travel Expenditures	$ 18.1 billion
Travel-generated Payroll	$ 3.8 billion
Travel-generated Employment	300 thousand jobs
Travel-generated Tax Revenue	$2,105 million
Federal	960 million
State	760 million
Local	385 million

Source: US Travel Data Center

Foreign visitors to the United States totaled 33.7 million in 1988, up fourteen percent from the previous year and a new record. The 1988 percentage change is more than twice our long-term rate of growth (5.5 percent compound annual rate). In response to a declining dollar and continued economic growth in most countries, foreign visits to the United States increased more than 40 percent from 1986 to 1988, for an absolute increase of eight million.

In 1987, visitors from Europe and Japan grew by more than one-quarter (Table VI-2). Canada and Mexico also contributed double-digit percentage increases. Despite the robust increase from overseas visitors, Canada still supplies more visitors than all overseas areas combined, and twice as many as Mexico.

While Canadian visits grew thirteen percent, the amount they spent soared 21 percent, suggesting longer stays as well as more lavish spending. Mexican visitors, on the other hand, cut back average spending per trip despite double-digit growth.

European visitors boosted their spending here by approximately four percent per trip. Japanese visitors posted a three percent increase in expenditures per visit. These two countries accounted for three-fourths of the nearly two billion dollar increase in visitor spending during the year.

Europe, Canada, and Japan together supplied over two-thirds of the increased visitor volume in 1987.

Table VI-2: Foreign Visitors and Their Expenditures in the U.S. for Countries and Regions, 1987

Origin country/region	Visitors millions	Visitors 1987/86 change	Visitor Expenditures $ millions	Visitor Expenditures 1987/86 change
Canada	12.418	13%	$3,252	21%
Mexico	6.705	18	2,036	5
Overseas	10.534	18	9,490	21
Europe	4.663	25	3,812	30
Central & South America, Caribbean	2.176	6	1,431	5
Japan	2.128	27	2,111	31
Other areas	1.567	4	2,136	10
Total	29.657	17%	$14,778	14%

Note: excludes international passenger fare payments and cruise travel; details may not add to totals due to rounding.
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis; U.S. Department of Commerce

The average visitor to the United States in 1987 spent nearly $500 (Table VI-3). Those from Australia spent more than twice this amount per visit to lead the top ten "visit USA" countries.

Visitors from West Germany also spent twice the average for all countries, followed closely by Japan. Those from Canada and Mexico spent the least per visit, reflecting short distances and durations for the bulk of these trips.

These differences reflect differing lengths of stay in the United States and varying daily expenditure patterns. Visitors from major overseas generating countries enjoyed rising exchange rates which allowed them to spend more in dollars here for a constant amount of their own currencies in 1987.

For 1989, USTTA projects that total foreign visitor volume to the United States will rise seven percent to nearly 36 million. Overseas visitors should grow 13 percent in number, and European visitors to the United States should rise eleven percent. The United Kingdom and Italy are projected to produce double-digit rates of increase.

Table VI-3: Foreign Visitors and Expenditures in the U.S. for Top Ten Countries of Origin, 1987

Country of origin	Visitors (millions)	Visitor expenditures ($ millions)	Expenditure per visitor
Canada	12.418	$3,252	$262
Mexico	6.705	2,036	304
Japan	2.128	2,111	992
United Kingdom	0.952	1,007	523
West Germany	0.509	539	1,059
France	0.544	514	945
Italy	0.296	206	646
Bahamas	0.296	NA	NA
Australia	0.278	348	1,252
Switzerland	0.239	NA	NA
Total all countries	29.657	$14,778	$498

NA = not available
Note: excludes international passenger fare payments and cruise travel.
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis; U.S. Department of Commerce

Canada will supply only two percent more visitors in 1989 according to these projections, but visitors from Mexico will rise four percent.

Most of the factors affecting foreign visitation to the United States appear favorable for 1989. The world economy will continue to expand while the dollar remains relatively weak. Competition on Atlantic and Pacific routes guarantees moderately low air fares, and possible deregulation of the European airline industry could boost travel to the U.S. as fares fall in a more competitive environment.

This discussion indicates the relative size of the various markets for visit USA traffic and their value per visitor. These data can help travel suppliers and destinations plan marketing programs that provide the highest return on money invested.

U.S. Outbound Travel

The declining value of the dollar against major foreign currencies combined with the threat of terrorist activities against American citizens and businesses depressed U.S. travel abroad in 1986. American travel to overseas destinations decreased six

percent that year. The ensuing years, however, indicated that the trips discouraged in 1986 were not cancelled but postponed until terrorist threats abated.

U.S. residents boosted their spending in foreign countries by fourteen percent in 1988, after a sixteen-percent increase in 1987. These are the largest percentage increases on record and are significantly greater than the long-term rate of increase of about eleven percent a year.

Table VI-4 shows the pattern of U.S. spending on travel in foreign countries for 1987. Travel to Canada dropped from 1986, when the World Exposition in Vancouver help boost U.S. visits by 17 percent.

Table VI-4: U.S. Travelers and Their Expenditures in World Regions, 1987

Country/region visited	U.S. Travelers millions	1987/86 change	U.S. Expenditures $ millions	1987/86 change
Canada	13.306	-6%	$2,949	-3%
Mexico	13.074	14	3,928	10
Overseas	13.616	13	13,619	28
Europe	6.173	19	7,243	41
Caribbean	3.714	7	NA	NA
Central & South America	1.248	17	565	33
Asia	1.727	7	NA	NA
Other areas	0.754	7	NA	NA
Total all regions	40.196	7%	$20,496	16%

NA = not available
Note: excludes international passenger fare payments and cruise travel.
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis; U.S. Department of Commerce

U.S. visits to Mexico, encouraged by the drastic decline in the dollar-value of the peso, increased 14 percent. Expenditures there, however, did not grow as rapidly.

What is surprising, however, is that travel to Europe increased by nearly one-fifth despite the dramatic increase in costs resulting from the weak dollar. Americans spent 19 percent

more per visit as they were determined to take the trips they postponed in 1986 even though the dollar's decline raised foreign travel costs considerably.

For 1988, USTTA estimates U.S. trips to foreign countries increased approximately two percent to 41 million. Europe and Mexico destinations led with increases of five percent each, while travel to Canada was up only one percent. For 1989, the agency projects another three percent increase, with travel to Europe growing only two percent, but with Canada garnering a three percent increase. Total U.S. citizen departures will reach nearly 43 million.

On the average, American residents spent more than $500 per visit to foreign countries in 1987 (Table VI-5). This excludes the cost of transportation to and from these areas.

Table VI-5: U.S. Travelers and Their Expenditures in World Regions, 1987

Country visited	U.S. travelers (millions)	U.S. expenditures ($ millions)	Expenditure per traveler
Canada	13.306	$ 2,949	$ 221
Mexico	13.074	3,928	299
Overseas	13.616	13,619	999
Europe	6.173	7,243	1,172
Caribbean	3.714	NA	NA
Central and South America	1.248	565	452
Asia	1.727	NA	
Other areas	0.754	706	936
Total U.S.	40.196	$20,496	$ 509

NA = not available
Note: Excludes international passenger fare payments and cruise travel.
Source: U.S. Travel and Tourism Administration and U.S. Bureau of Economic Analysis; U.S. Department of Commerce

American travelers spent the least amount in our northern neighbor as trips to Canada average shorter durations than trips overseas. They spent somewhat more per visit to Mexico, since the average trip duration tended to be longer.

U.S. travelers to Europe spent more per visit than in any other area in 1987. The average topped $1,100, more than double that for all countries.

International Travel Balances

The gap in U.S. international travel spending -- U.S. travel expenditures in foreign countries less foreign travel expenditures in the U.S. -- declined slightly in 1988. Although receipts from foreign visitors here grew more rapidly than U.S. expenditures in foreign countries, the deficit still topped $5 billion for the second year in a row (Figure 6A). For every dollar we received from foreign visitors, we spent $1.30 traveling in other countries, down from nearly $1.40 in 1987.

The six percent decline in our travel deficit contributed little to the 17 percent drop in our total international transactions deficit on goods and services. Nevertheless, the international travel deficit comprised less than 4.6 percent of the deficit for all goods and services traded between the United States and other countries in 1988.

Over the past decade, U.S. residents have spent $27.5 billion more visiting other countries than foreign residents have spent here. As the dollar rose in international value between 1981 and 1985, what was surplus on the international travel account turned into a deficit averaging more than $4 billion a year.

The falling dollar since 1985 has encouraged foreign visitor spending here but not enough to counterbalance United States travel spending abroad. Our travel receipts from foreign visitors must grow more rapidly if we are to reduce our deficit on this international account.

The U.S. international passenger fare deficit is the difference between the U.S. passenger payments to foreign carriers and receipts of U.S. carriers for transportation of foreign visitors to and from the United States (Figure 6B). This deficit narrowed considerably from its 1987 level, to $2.6 billion in 1988.

United States travelers paid foreign carriers $9 billion for international transportation in 1988, up only two percent from the previous year. Foreign residents traveling to America, on the other hand, increased their spending on United States flag carriers by 39 percent. The $6.4 billion they spent with United States international carriers was by far the highest level recorded for these expenditures.

The result was that the United States deficit on international air passenger fares fell by approximately forty percent to the lowest level in six years.

FIGURE 6A
U.S. INTERNATIONAL TRAVEL SPENDING GAP DECLINED SLIGHTLY IN 1988

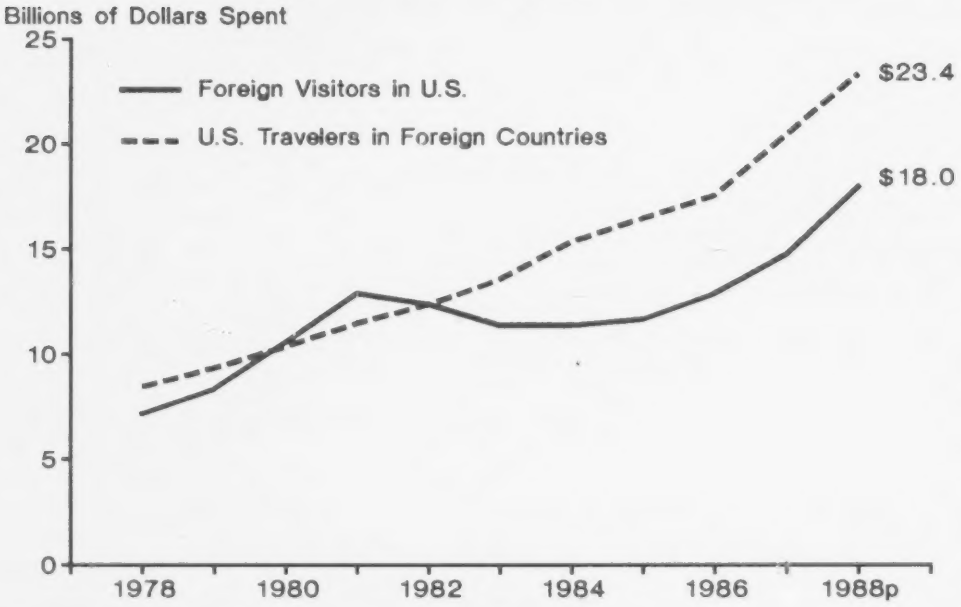
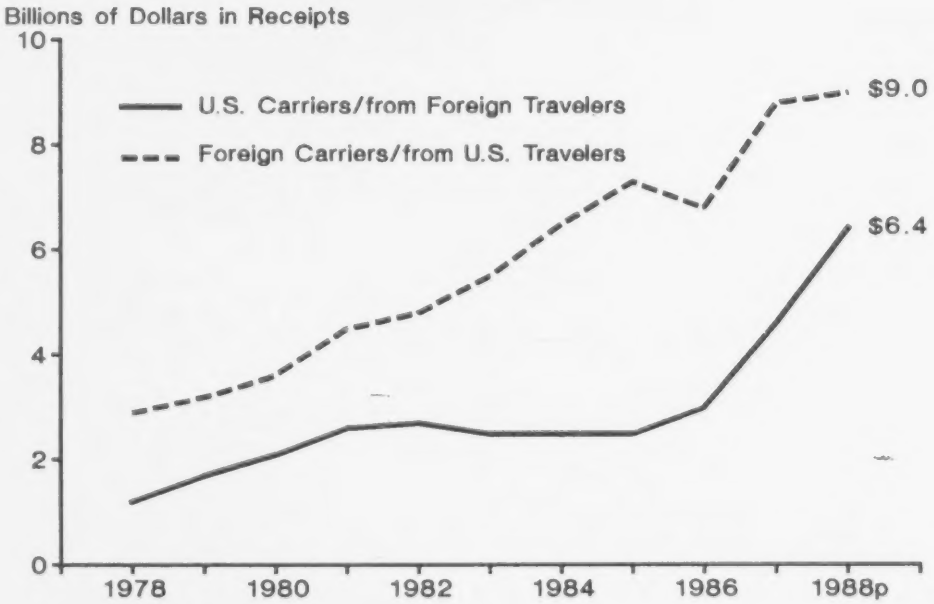


FIGURE 6B
PASSENGER FARE DEFICIT DECREASED IN 1988



p=preliminary
Source: US Travel Data Center, Table 6A, Table 6B

Despite this decline in our international passenger fare deficit, there is much more work to be done. For every dollar our carriers receive from transporting a foreign national to and from the United States, foreign carriers receive $1.40 from U.S. international travelers. Over the last decade, foreign flag carriers have taken in almost $31 billion more from U.S. residents than our carriers have earned from foreign flyers.

Progress toward reducing the enduring U.S. international passenger fare deficit requires aggressive marketing by U.S. carriers and elimination of impediments to fair international air travel competition imposed by foreign governments. These latter include prohibiting airline TV advertising (France), refusing to confirm space on the national carrier on domestic flights for travelers on any non-national carrier (Italy), and forbidding non-national carriers from establishing ground-handling operations (western Europe except Spain).

Declining Market Share

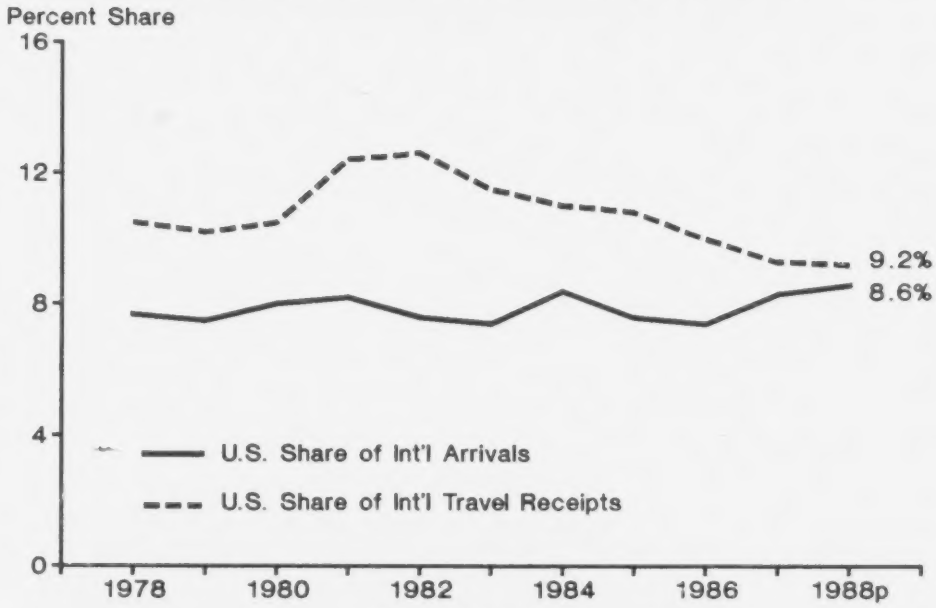
Responding to the rising value of their own currencies in terms of dollars, foreign residents increased their travel to the United States for the second consecutive year. Arrivals in the United States increased 13.8 percent in 1988 and surpassed the growth in world arrivals, estimated to be over eight percent. As a result, our share of world international arrivals rose slightly in 1988 to 8.6 percent (Figure 6C).

But the United States lost market share in terms of expenditures. Our cheaper dollar encouraged more visitors, but their spending did not rise proportionately. Consequently, our share of worldwide international travel receipts fell slightly in 1988 to 9.2 percent; the lowest level in at least a decade.

Since 1978, the U.S. share of international visitor receipts has averaged 10.7 percent. However, we have demonstrated we can achieve shares of nearly thirteen percent. Had we been able to maintain this share since 1982, our international visitor receipts over the last five years would have totaled $20 billion more than they did, and the nation would have benefitted from additional jobs and income, as well as a smaller trade deficit.

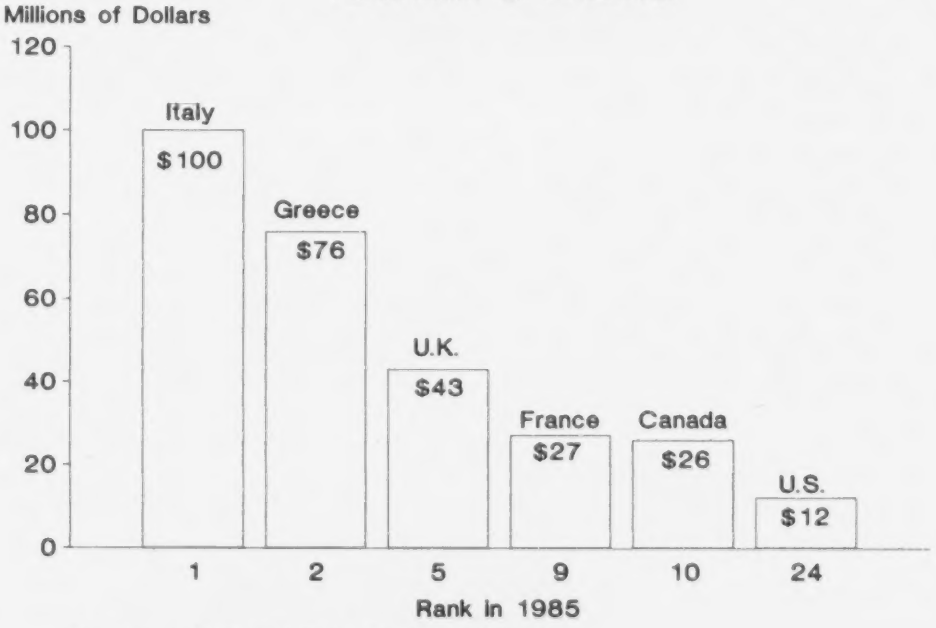
Moreover, there is no reason to believe thirteen percent is an upper limit on our share of the international market. Given the wealth of our travel attractions, both natural and manmade, and the diversity of our cultures, aggressive tourism marketing efforts could increase our share to fifteen percent or more.

FIGURE 6C
U.S. SHARE OF INTERNATIONAL ARRIVALS AND RECEIPTS REMAINED LOW IN 1988



p=preliminary Source: US Travel Data Center, Table 6C

FIGURE 6D
U.S. RANKS 24th IN NATIONAL GOVERNMENT TOURISM SPENDING



Source: US Travel Data Center, Table 6D

Meager Federal Commitment to Travel Market Development

A substantial part of such an aggressive effort must be a reversal of our declining national presence in world tourism markets. After peaking at more than $14 million in fiscal 1977, federal government resources devoted to international travel development fell to $7.6 million in fiscal 1982 and 1983, and just returned to the earlier high in fiscal 1989 of $13.8 million.

If we use the increase in overall consumer prices to represent inflation since 1978, the federal government is now devoting one-half the real financial resources to developing visit USA markets that it did eleven years ago.

And this decline in real investment in visitor marketing has occurred while competition for international visitors has grown more intense. Now more than 170 other national government compete for this lucrative business. Indeed, nearly 100 foreign governments operate offices in the U.S. to develop the market for American travel abroad. In contrast, USTTA operates offices in only nine foreign countries.

The U.S. lags far behind other countries in national government resources devoted to international travel development, according to the latest data available (Figure 6D). According to the Travel and Tourism Government Affairs Council, at least 23 governments spent more on tourism development than the United States did in 1985. Indeed, for the each of the last five years, Canada has spent more than this in the U.S. market alone.

Table VI-6: Top Five Countries of the World in International Visitor Receipts, 1986 ($ millions)

Rank	Country	Visitor receipts	International travel payments balance
1	United States	$12,913	($4,714)
2	Spain	12,058	10,545
3	Italy	9,855	7,097
4	France	9,704	3,200
5	United Kingdom	7,921	(765)

Note: ( ) represents deficit.
Source: US Travel Data Center, Table 6E

The United States ranks first among nations in international visitor receipts (Table VI-6). Yet it is the only one among the top five with a substantial international travel payments deficit. It is a doubtful coincidence that the other four outspend the U.S. in developing international tourism markets while running travel surpluses of $10 billion or more.

It is difficult to believe two dozen or so other countries are wrong to devote more of their budgets to financing tourism development than we do. It is more likely it is the United States that is out of step.

Regional Stake in International Tourism

Figure 6E suggests the distribution of our international tourism market interests among nine regions defined by the U.S. Bureau of the Census.

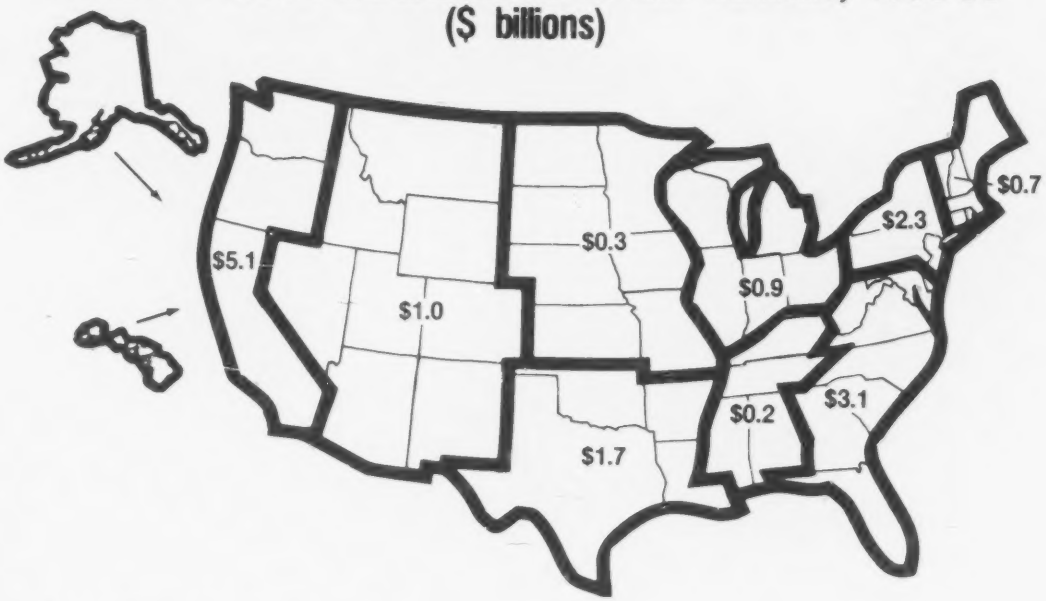
According to a 1985-86 study conducted by the US Travel Data Center under contract to the USTTA, foreign visitors spent over $5 billion annually in the five-state Pacific region alone, generating substantial employment and income in the process. The South Atlantic region ranked second in terms of travel expenditures with over $3.1 billion. Even the West North Central region, garnering the smallest amount of visitor dollars, benefitted to the tune of $319 million. This positive impact was sizable relative to the regional economy.

All regional economies are favorably affected by foreign visitor spending. What is more, foreign visitors could contribute significantly more than they now do to economic development in these areas if the United States government mounted an aggressive, targeted international tourism marketing program.

We cannot expect state and local agencies and private enterprises in these regions to develop foreign visitor markets alone. The official state travel development offices, for example, are already spending as much to develop these markets as the federal government. The private travel sector, predominantly small businesses, generally cannot afford the considerable costs of taking effective positions in foreign markets. Moreover, they often lack the expertise required.

Rather the federal government, with its commitment to balanced economic growth and small business prosperity and its familiarity with operating in foreign business environments should take a strong lead. A U.S. Travel and Tourism Administration budget large enough to raise us out of our cellar position in international travel market development is a sound investment in the economic health of our nation.

FIGURE 6E
FOREIGN VISITOR EXPENDITURES IN U.S. REGIONS, 1985-86
($ billions)



Source: *US Travel Data Center*

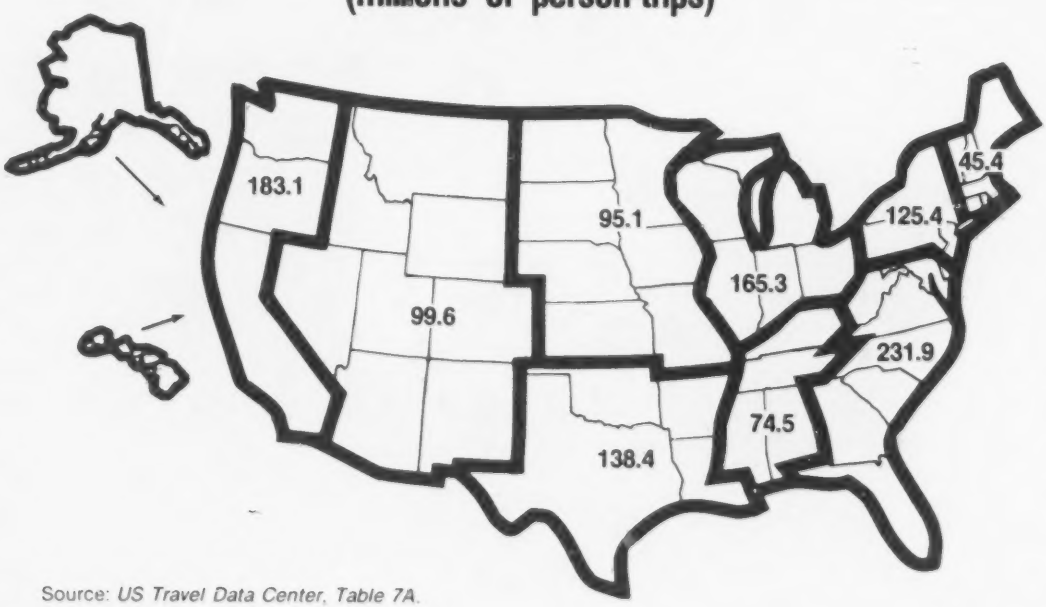
VII. REGIONAL TRAVEL PATTERNS

Americans take many trips to destinations in their own country. The US Travel Data Center estimates that in 1988 Americans took more than 1.2 billion person-trips within the United States to places 100 miles or more away from home. These include trips for all purposes, in all seasons, and in all regions of the country.

Figure 7A shows estimated 1988 travel away from home to each of the nine regions defined by the U.S. Bureau of the Census. The estimates were derived from the Data Center's National Travel Survey.

The South Atlantic region continues to be the most popular regional travel destination by far. This region attracted over one-fifth of all United States trips during 1988. The Pacific region, dominated by California, held second place, followed by the East North Central region around the Great Lakes. The smallest number of trips were made to New England, comprising less than four percent of all United States person-trips for the year.

FIGURE 7A
U.S. RESIDENT TRAVEL BY DESTINATION REGION, 1988
(millions of person-trips)



Source: *US Travel Data Center, Table 7A.*

Regional Economic Impact

Travel's economic contribution begins with expenditures in a region. Travel spending depends not only on the number of trips to a region but the number of days spent there and the eating, lodging, amusement, and transportation habits of visitors. The Data Center's Travel Economic Impact Model combines estimates of these factors to produce annual measures of employment, payroll income, and tax revenue generated by travelers in an area.

United States resident travel expenditures for 1986 in each region are shown in Figure 7B. The South Atlantic region, ranking first in travelers, also holds first place in expenditures with nearly one-fifth of the total. The Pacific region and the Middle Atlantic regions followed in second and third places, respectively. Travelers in the East South Central region spent the least -- less than four percent of the total -- but still nearly ten billion dollars.

Individual states and cities as well as regions benefit from travel and tourism activity. Indeed, travel contributes to the economy of virtually all local areas in the nation. The US Travel Data Center has conducted studies of travel's economic impact in over 2,600 of the nation's 3,139 counties and county equivalents since 1978. In only three of these counties has it found that travel made no measurable economic contribution. Few industries can boast of such universal economic benefits.

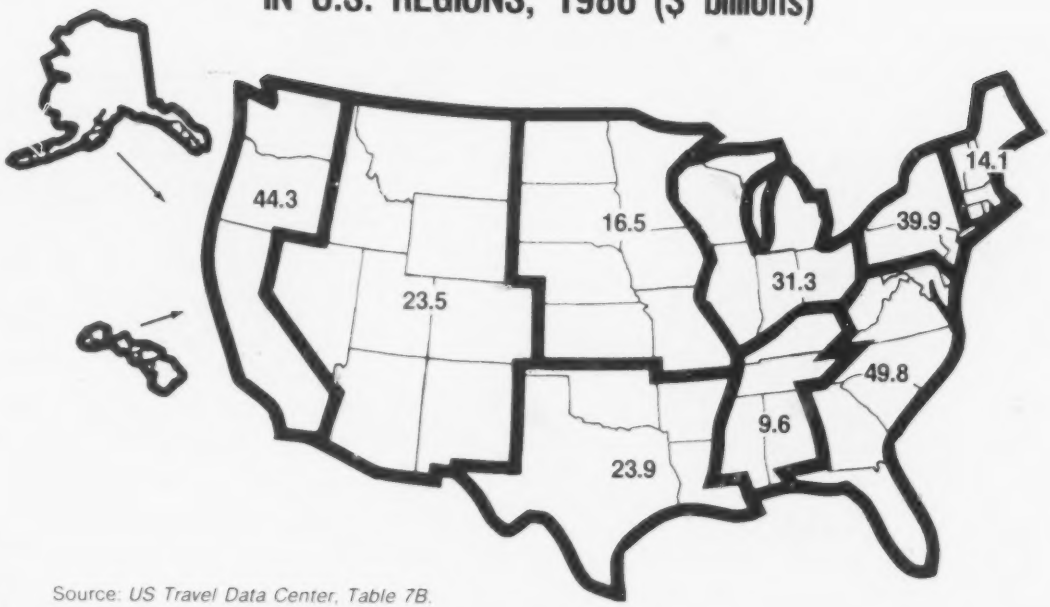
One of the most important economic effects of travel is the employment it generates, Figure 7C shows the regional distribution of the 4.9 million jobs directly attributable to travel in 1986.

The South Atlantic region led this category in 1986 with more than one million travel-generated jobs, one-fifth of the total. The Pacific region held second place, as it did with travelers and expenditures. The East South Central showed the least employment of any region, but still boasted 210,000 travel-related jobs.

These absolute estimates do not necessarily represent how important travel activity is to a region in providing jobs and income. For example, the Mountain region, with relatively few jobs attributable to travel activity, is most dependent on it for employment. Nearly one job in ten there is directly generated by travel spending.

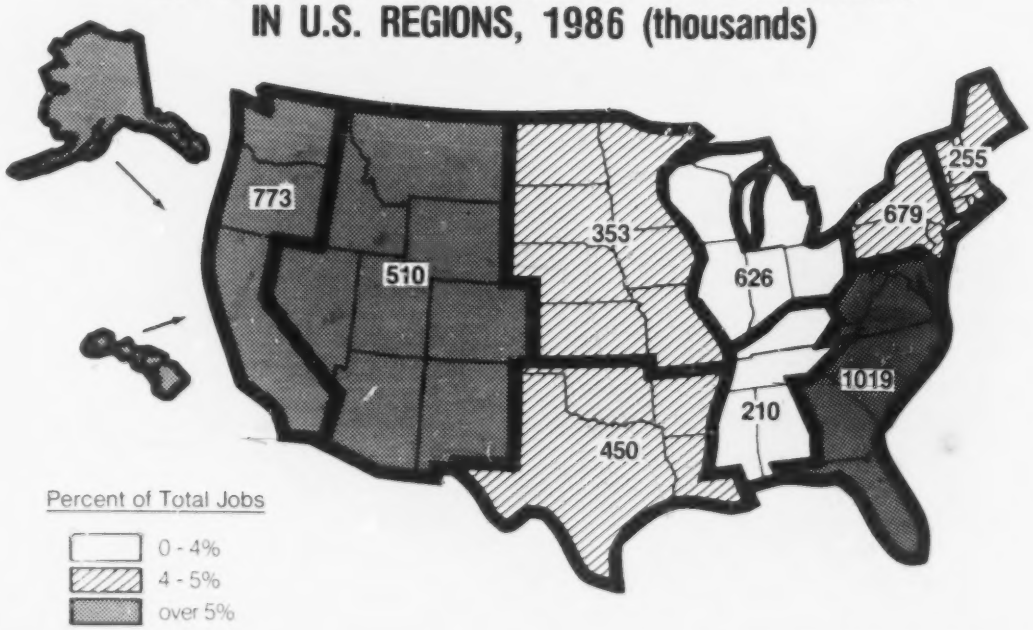
Major industrial regions with their diverse economies, such as the East North Central (Great Lakes) area, indicate the least dependence on travel and tourism for employment. However, these regions still have a significant stake in the growth and prosperity of the travel industry as traditional sources of employment decline.

FIGURE 7B
U.S. TRAVEL EXPENDITURES IN U.S. REGIONS, 1986 ($ billions)



Source: *US Travel Data Center, Table 7B.*

FIGURE 7C
EMPLOYMENT GENERATED BY U.S. TRAVELERS IN U.S. REGIONS, 1986 (thousands)



Source: *US Travel Data Center, Table 7B.*

As an employer, the travel industry is a powerful economic development force in most states. Data Center studies show that travel and tourism generate more jobs than any other private industry in 13 states and is among the top three private employers in 39 states. In no state does travel rank lower than twelfth among the 75 private sector industries studied.

In every section of the country, public officials and business executives concerned with regional economic development should promote policies that encourage travel development and avoid those that impede tourism's unique abilities to stimulate a region's employment and growth. And they should take advantage of our nation's outstanding transportation and hospitality infrastructure and develop local resources that can attract travelers and encourage them to stay.

Table VII-1: Annual Impact of 100 Additional Visitors a Day on the Average U.S. Community, 1987

Direct impact	Total impact*
$1,294,000 in retail and service industry sales to visitors	$2,459,000 in business receipts
$280,000 in wages and salaries	$647,000 in wages and salaries
29 new travel industry jobs providing additional income for 23 households and 61 residents	67 new jobs providing additional income for 53 households and 142 residents
$95,000 in state and local tax revenue; enough to support 27 school children	$154,000 in state and local tax revenue; enough to support 44 school children
2 more retail or service establishments	4 more retail or service establishments

*includes direct, indirect, and induced impact
Source: US Travel Data Center

Table VII-1 shows the annual return to the average United States community from investing in programs that bring in an additional 100 visitors per day. These additional visitors directly contribute to the economic vitality of the community through their expenditures.

And as their expenditures become business receipts, they generate additional purchases by businesses and employees, and additional income to the residents of the community. In the process, jobs and tax revenue are generated.

These estimates are illustrative of the benefits that can accrue to those communities that include travel and tourism development programs in their overall economic development strategies.

Many states are alert to this potential. The Data Center has found that state governments plan to increase their spending on tourism development and promotion by nine percent in fiscal 1989, to a combined $317 million. Thirty states will increase this spending, while eight have cut back. This widespread appreciation for tourism's economic development role bodes well for travel development.

VIII. CONCLUSION

The travel industry experienced the "Lake Wobegon effect" in 1988: every major measure was above average. Travel industry real output, transportation activity, travel employment, and travel prices all performed better than their long-term trends for the year. The year was a good year for travel, if not a spectacular one.

Foreign arrivals provided the only excitement, as the weak dollar coupled with our moderate inflation and the worldwide economic expansion produced a double-digit boom.

Given the constructive role travel plays in national, regional and local economies, it is essential that business and government focus on the challenges to growth of travel in America and the industry that serves it. There are five of these challenges that affected travel activity in the recent past and will help determine its course in the year ahead.

1. Competition for discretionary time and money

As discussed in Chapter II, trends in recent years indicate that pleasure travel must compete with home and automobile-related items for discretionary consumer dollars. This is particularly troublesome when the business cycle forces consumers to postpone regular replacement and upgrading of their homes, appliances, furniture, and automobiles. National economic policies that counteract recessions and restrain booms while restraining inflation help insure that consumers can regularly satisfy personal and family requirements and travel away from home for pleasure when they choose.

But the travel industry must recognize there is competition for scarce leisure time as well. Home entertainment options and local recreation facilities remove the need to travel away from home for entertainment and amusement. Yet vacationing in a distant environment offers important educational, health, and family benefits that cannot be duplicated in the local community. Industry components must join together to promote these benefits to the public and position travel as the superior use of leisure time in America.

The "Discover America" national domestic travel marketing plan being implemented by the Travel Industry Association of America offers a fine opportunity to meet this challenge and deserves consideration by all interested in encouraging travel away from home.

2. Industry Consolidation

At the end of 1985, thirteen domestic air carriers accounted for 90 percent of the air passenger miles flown in the United States. At the close of 1988, through mergers and acquisitions, eight carriers held 95 percent of the market. Since airline deregulation in 1978, a total of 246 carriers have been certificated at one time or another. Now there are fewer than 80.

Today, the top 25 hotel companies now control half of the 2.82 million rooms available in the United States. Most experts predict these firms will increase their share of the business over the next decade.

In 1988, at least 30 tour operators folded and several companies merged, according to Travel Weekly. Buyouts and consolidation characterized the travel agency sector during the year, and are expected to continued to do so in 1989.

There is cause for concern over the impact such consolidation has on the rate of price increases in the travel industry. Fewer operators dominating the airline market, for example, can lead to less price competition and higher fares; this would discourage travel. This appears to have occurred in 1988, when, for the first time since 1981, fares rose more rapidly than the consumer price index. As a result, airline passenger-miles in domestic service showed the smallest increase in thirteen years.

To the extent that consolidation makes it more difficult and more expensive to travel, demand will stagnate. This will affect not only the consolidating industry segments directly, but also the destinations and ancillary services that depend on their customers.

3. Tax Policies

Taxes on travel and recreation continue to rise as federal, state, and local governments search for ways to increase their revenue without oppressing their constituents further.

The latest fashion among many concerned with reducing the federal deficit is to support proposals to raise the federal gasoline tax. Gasoline taxes hold great potential as a source of new revenue as every one cent increase yields roughly one billion dollars to the United States Treasury. Moreover, raising the tax on gasoline would promote conservation and reduce pollution, they argue. Finally, advocates point out, U.S. gasoline taxes are abnormally low compared with the rest of the world. On the average, Americans pay a tax of 25 cents on each gallon of gasoline, nine of which goes to the federal government and the

balance to states. European motorists, on the other hand, pay up to $2.90 per gallon in taxes.

On the other side of the issue, most agree that a gas tax increase would fall disproportionately on low income motorists, because they spend a higher proportion of their income on fuel than wealthier drivers do. Moreover, a higher federal tax would reduce the ability of states to raise more revenue through their own tax levies. Finally, opponents point out that those living in the west, where distances between home, office, and necessary services are great, would pay more per year than those living in the east. One study indicates Wyoming residents would spend more than twice as much per capita as those in Washington, DC.

One thing is clear. A substantially higher gasoline tax would tend to discourage travel away from home. It would be a mistake to focus on this single source as the way to cure our federal budget ills. Rather, we need a long-term strategy that includes action on both the expenditure and revenue sides of the federal budget. A major hike in the gasoline tax alone will do considerably more harm than good in terms of employment, inflation, and the quality of life that Americans enjoy.

If tax authorities at all levels of government turn increasingly to taxing tourism and the travel industry to balance their budgets, travel growth will stall and economic development stagnate in many parts of the country. We need a balanced approach to reducing budget deficits focussed on a wide array of expenditure cuts and revenue increases that reduce the potential harm to economic growth and our favorable lifestyle to a minimum.

4. Air Travel Congestion

Since airline deregulation began ten years ago, the number of airline passengers has nearly doubled, growing by an amount equal to our resident population. Yet during this period, not a single new airport opened in any major metropolitan area. As a result, the Federal Aviation Administration has classified 16 major airports as congested. Some analysts project all of the nation's 42 major airports will carry this designation by the end of this century if no new airports are built.

The blame is variously placed on inadequate airport capacity, the strain of adjusting to soaring demand, over-scheduling at major hubs, bad weather, and insufficient air traffic control capacity. Whatever the reason, delays increase the hassle of travel and are sure to dissuade some from flying on their trips or traveling away from home at all. In this eventuality, all segments of the travel industry will lose, and the American public will be worse off as well.

Key government agencies should join with major travel firms to resolve this problem before it becomes a full-scale crisis.

5. International Visitor Growth

The dollar is considerably cheaper now in terms of British pounds, Japanese yen, and German marks than it was in February, 1985, when the dollar reached its peak in foreign exchange markets. Many commentators feel the dollar will continue its decline in the year ahead.

This trend places travel to European destinations increasingly beyond the reach of many American travelers, but enlarges the pool of Europeans and Japanese who can afford to visit the USA. The continued worldwide economic expansion and our relatively moderate price inflation will further stimulate foreign travel to the United States in the year ahead.

The federal government has important roles to play in facilitating the inbound traffic that boosts our economy. One is to reduce the indignities on entering this country making it as easy as possible for the law-abiding to enter. Another is to keep taxes on this traffic within reasonable limits. A third important role is to prevent the dollar decline from turning into a rout that destroys faith in the dollar as the premiere world currency.

Industry is challenged to provide fair exchange for foreign currencies, multi-lingual signing and guides, and patient advice on getting around America. Our country offers the most diverse variety of attractions in the world, but it is often the people visitors encounter that spells the difference between taking a positive feeling back home or a negative one.

APPENDICES

APPENDIX A: BASIC TRAVEL DATA

Table 2A: Business Receipts of Selected U.S. Travel Industry Sectors, 1972-1988p
($ billions)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Transportation																	
Air*	$7.686	$8.518	$9.903	$10.301	$12.104	$13.773	$15.753	$18.931	$23.405	$25.598	$25.488	$27.519	$31.437	$33.343	$33.846	$37.459	$41.654
Bus	0.974	1.023	1.152	1.172	1.232	1.331	1.420	1.664	1.709	1.809	1.854	1.965	2.035	1.989	1.890	1.777	1.768
Rail**	0.163	0.202	0.246	0.237	0.266	0.281	0.287	0.365	0.372	0.432	0.429	0.461	0.516	0.544	0.576	0.604	0.699
Lodging																	
Hotel/motel	10.027	10.955	11.757	13.002	15.129	16.413	20.070	25.229	26.832	31.572	32.749	35.897	38.917	41.837	45.881	49.612	54.127
Foodservice																	
Eating and drinking places	36.180	40.402	44.673	51.067	57.211	63.276	71.828	82.110	90.058	98.118	104.593	112.495	119.572	125.114	135.308	147.645	157.685
Entertainment/recreation																	
Amusement and recreation services***	13.906	14.678	17.354	18.760	21.568	23.704	24.141	26.792	29.409	33.142	34.661	37.186	39.484	42.536	45.532	50.160	53.922
Travel industry	$68.936	$75.778	$85.085	$94.539	$107.510	$118.778	$133.499	$155.091	$171.785	$190.671	$199.774	$215.523	$231.961	$245.363	$263.033	$287.257	$309.855
Gross national product	$1,212.8	$1,359.3	$1,472.8	$1,598.4	$1,782.8	$1,990.5	$2,249.7	$2,508.2	$2,732.0	$3,052.6	$3,166.0	$3,405.7	$3,772.2	$4,014.9	$4,240.3	$4,526.7	$4,861.8

* U.S. scheduled carriers in domestic service
** Rail classification changed in 1980
*** 1972-77 receipts estimated by US Travel Data Center
p = preliminary
Note: details may not add to totals due to rounding.
Source: US Travel Data Center, based on data from the Air Transport Association of America, American Bus Association, Amtrak, National Restaurant Association, Smith Travel Research, Transportation Policy Associates, U.S. Bureau of the Census, U.S. Bureau of Economic Anlaysis, and U.S. Department of Transportation.

Table 2B: Business Receipts of Selected U.S. Travel Industry Sectors in 1982 Dollars, 1972-1988p
($1982 billions)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Transportation																	
Air*	$14.677	$15.799	$16.157	$16.336	$18.173	$19.593	$22.565	$25.381	$24.390	$24.032	$25.488	$27.707	$29.915	$33.149	$36.740	$39.270	$40.762
Bus	1.764	1.820	1.909	1.751	1.730	1.792	1.764	1.909	1.888	1.868	1.854	1.764	1.695	1.640	1.633	$1.585	$1.577
Rail	0.308	0.391	0.360	0.401	0.422	0.442	0.411	0.514	0.463	0.490	0.429	0.437	0.468	0.492	0.515	$0.551	$0.601
Lodging																	
Hotel/motel	26.331	27.608	27.547	28.370	30.484	30.621	32.832	35.786	33.352	35.217	32.749	34.171	34.343	34.547	36.515	37.204	38.185
Foodservice																	
Eating and drinking places	79.815	83.217	82.499	86.923	91.567	95.109	99.928	103.179	103.420	103.391	104.593	107.651	109.619	110.010	114.088	119.774	125.445
Entertainment/recreation																	
Amusement and recreation services**	24.005	24.431	27.116	27.399	30.136	31.741	30.675	32.017	32.797	34.747	34.661	35.825	36.458	37.921	39.100	41.758	43.928
Travel industry	$146.901	$153.265	$155.587	$161.179	$172.511	$179.298	$188.174	$198.786	$196.311	$199.745	$199.774	$207.555	$212.498	$217.759	$228.592	$240.143	$250.499
Gross national product	$2,608.5	$2,744.1	$2,729.3	$2,695.0	$2,826.7	$2,958.6	$3,115.2	$3,192.4	$3,187.1	$3,248.8	$3,166.0	$3,279.1	$3,501.4	$3,618.7	$3,721.7	$3,847.0	$3,995.0

* U.S. scheduled carriers in domestic service
** Rail classification changed in 1980
*** 1972-77 receipts estimated by US Travel Data Center
p = preliminary
Note: details may not add to totals due to rounding.
Source: US Travel Data Center, based on data from the Air Transport Association of America, American Bus Association, Amtrak, National Restaurant Association, Smith Travel Research, Transportation Policy Associates, U.S. Bureau of the Census, U.S. Bureau of Economic Anlaysis, and U.S. Department of Transportation.

Table 2C: U.S. Domestic Intercity Transportation Activity, 1972-1988p
(billions of passenger-miles)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Common carriers																	
Air*	123.0	132.4	135.4	136.9	152.3	164.2	189.1	212.7	204.4	201.4	213.6	232.2	250.7	277.8	307.9	329.1	341.6
Bus	25.6	26.4	27.7	25.4	25.1	26.0	25.6	27.7	27.4	27.1	26.9	25.6	24.6	23.8	23.7	23.0	22.9
Rail	3.0	3.8	3.5	3.9	4.1	4.3	4.0	5.0	4.5	4.8	4.2	4.2	4.6	4.8	5.0	5.4	5.8
Total	151.6	162.6	166.6	166.2	181.5	194.5	218.7	245.4	236.3	233.3	244.7	262.0	279.9	306.4	336.6	357.5	370.3
Auto/truck/RV**	764.6	787.5	759.8	792.8	853.1	891.2	922.7	895.7	881.3	893.9	906.8	919.9	944.2	975.3	1,001.8	1,049.9	1,100.3
Total all modes	916.2	950.1	926.4	959.0	1,034.6	1,085.7	1,141.4	1,141.1	1,117.6	1,127.2	1,151.5	1,181.9	1,224.1	1,281.7	1,338.4	1,407.3	1,470.6

*U.S. scheduled carriers in domestic service
**data reflect Federal Highway Administration road classification system changes in 1980.
p = preliminary
Note: details may not add to totals due to rounding.
Source: US Travel Data Center, based on data from the Air Transport Association of America, American Bus Association, Amtrak, Federal Highway Administration, and Transportation Policy Associates.

Table 2D: U.S. Travel Agency Locations, Airline Sales and Airline Commissions, 1977-1988p

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Travel agency locations*	13,454	14,804	16,112	17,339	19,203	20,962	23,059	26,037	27,304	28,933	30,169	32,497
Agency airline sales** ($ billions)	$9.4	$11.4	$14.7	$18.1	$20.0	$21.8	$25.8	$29.8	$32.3	$32.6	$37.9	$42.4
Agency airline commissions ($ millions)	$805	$895	$1,176	$1,533	$1,851	$2,061	$2,428	$2,837	$3,092	$3,164	$3,734	$4,193
Airline passenger revenue ($ billions)	$16.3	$18.8	$22.8	$28.0	$30.7	$30.5	$32.7	$36.9	$39.2	$40.1	$44.9	$50.2

*U.S. agency locations only
**includes credit card sales
p = preliminary
Source: US Travel Data Center, based on data from the Air Transport Association of America and Airline Reporting Corporation.

Table 2E: Major Consumer Durable Sales and Personal Income, 1972-1988p

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Consumer durable sales ($ billions)																	
Bldg. material & supply	$15.0	$17.2	$17.8	$17.9	$22.5	$27.1	$31.9	$36.2	$35.0	$35.7	$35.1	$40.8	$46.1	$49.1	$54.1	$57.9	$63.0
Motor vehicle dealers	76.5	88.6	80.6	89.0	111.3	128.8	144.5	151.9	137.7	153.0	162.9	197.0	234.1	258.7	277.7	280.3	309.2
Furniture & home furnishing	13.7	15.2	16.3	16.2	18.0	20.3	22.5	25.6	26.3	27.5	27.1	31.1	35.2	37.6	41.9	44.2	46.8
Appliance, radio & TV	6.8	7.4	7.6	8.3	9.2	10.0	10.8	12.9	14.0	15.4	15.8	20.1	23.7	29.2	33.3	34.5	38.3
Total	$111.9	$128.4	$122.3	$131.4	$160.9	$186.3	$209.7	$226.8	$213.0	$231.6	$240.9	$289.1	$339.2	$374.5	$407.0	$416.8	$457.3
Personal income ($ billions)	$982	$1,102	$1,210	$1,313	$1,451	$1,608	$1,812	$2,034	$2,258	$2,521	$2,671	$2,839	$3,109	$3,325	$3,531	$3,780	$4,063
Pleasure person-trips (millions)	NA	NA	NA	NA	NA	NA	NA	NA	764	843	788	786	734	807	861	902	935

NA = not available
p = preliminary
Source: US Travel Data Center, U.S. Bureau of the Census, and U.S. Bureau of Economic Anlaysis.

Table 3A: Travel Price Index and Its Components, 1978-1988
(1982-84=100)

Component	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Transportation	49.4	61.4	84.8	98.6	99.1	99.6	101.4	104.7	94.6	98.7	99.8
Airline Fares	45.5	49.2	68.0	85.6	94.4	99.8	105.8	112.5	117.1	122.8	124.2
Other Intercity Transportation*	58.6	63.6	73.1	84.2	92.0	100.0	107.9	114.7	125.5	126.7	132.6
Intracity Transportation**	57.6	60.6	69.7	85.8	95.9	99.0	105.2	107.7	115.8	118.8	121.7
Motor Fuel	51.8	70.1	97.4	108.5	102.8	99.4	97.9	98.7	77.1	80.2	80.9
Lodging While Out Of Town	57.5	66.4	75.8	84.5	94.2	99.0	106.8	114.2	118.4	125.7	132.9
Food and Beverages Away From Home	68.4	76.0	83.4	90.9	95.8	100.0	104.2	108.4	112.8	117.3	122.2
Entertainment/Recreation	73.2	79.1	83.8	88.0	93.4	100.0	106.7	112.8	117.9	124.4	127.7
Travel Price Index	60.3	69.3	81.2	90.4	95.5	98.9	103.6	108.4	109.0	114.9	119.5
Consumer Price Index	65.2	72.6	82.4	90.9	96.5	99.6	103.9	107.6	109.6	113.6	118.3

---

* Includes bus and rail

** Includes mass transit and taxicabs

Note: Beginning with the release of data for January 1988, the Consumer Price Index (CPI) has shifted to a new reference base of 1982-84=100. Previously the standard base year was 1967=100. The Travel Price Index (TPI) has also been updated to be compatible with the CPI rebasing.

Source: US Travel Data Center, based on data from the U.S. Bureau of Labor Statistics.

Table 4A: Payroll Employment for Selected Travel Industry Sectors, 1972-1988p
(thousands)

Sector	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Intercity highway passenger transportation	42.0	41.3	42.4	39.9	39.6	37.4	36.1	36.7	37.9	38.1	38.8	35.5	37.3	34.9	33.2	30.9	31.8
Air transportation	348.3	365.7	367.8	362.8	373.8	386.3	407.9	438.2	453.4	454.6	443.6	465.2	488.5	522.0	566.7	604.4	648.3
Eating and drinking places	2,860.2	3,053.8	3,231.2	3,379.5	3,656.2	3,948.6	4,277.2	4,513.1	4,625.8	4,749.5	4,831.2	5,041.8	5,388.0	5,709.2	5,916.2	6,127.4	6,361.5
Hotels, motels and tourist courts	774.9	807.7	823.5	849.5	885.2	913.0	945.6	1,019.9	1,037.7	1,076.4	1,092.8	1,131.1	1,221.3	1,289.9	1,337.6	1,434.3	1,538.3
Amusement and recreation services	504.4	543.7	553.5	596.8	636.8	665.7	708.4	712.0	763.5	783.6	799.2	817.7	803.6	840.4	863.9	894.2	928.6
Travel Industry	4,529.8	4,812.2	5,018.4	5,228.5	5,591.6	5,951.0	6,375.2	6,719.9	6,918.3	7,102.2	7,205.6	7,481.3	7,938.7	8,396.4	8,717.6	9,091.2	9,508.4
Total U.S.	73,675	76,790	78,265	76,945	79,382	82,471	86,697	89,823	90,406	91,156	89,566	90,200	94,496	97,519	99,525	102,310	106,023

p = preliminary

Source: US Travel Data Center, based on data from the U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-1984, August 1988; EMPLOYMENT AND EARNINGS, December 1988.

Table 4B: Payroll Employment for Selected Travel Industry Sectors, 1988, Monthly
(thousands)

Sector - 1988	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov. p	Dec. p	Average
Intercity highway passenger transportation (413)	30.9	30.6	30.7	31.3	31.2	31.8	32.2	32.6	32.5	32.9	32.9	NA	31.8
Air transportation (45)	622.6	624.9	631.0	638.8	643.8	650.3	655.1	659.9	660.6	660.0	664.4	NA	646.5
Eating and drinking places (58)	5,968.3	6,018.4	6,142.5	6,313.3	6,450.2	6,561.5	6,540.5	6,574.4	6,556.2	6,421.9	6,381.7	6,390.5	6,360.0
Hotels, motels and tourist courts (701)	1,415.5	1,434.7	1,456.8	1,487.6	1,523.3	1,615.1	1,640.6	1,643.6	1,604.2	1,565.1	1,540.5	NA	1,538.8
Amusement and recreation services (79)	782.5	800.1	828.3	905.1	963.7	1,059.1	1,100.3	1,100.4	994.2	908.5	854.2	NA	936.0
Travel Industry	8,819.8	8,908.7	9,089.3	9,376.1	9,612.2	9,917.8	9,968.7	10,010.9	9,847.7	9,588.4	9,473.7	NA	9,510.3
Total U.S.	104,262	104,729	105,020	105,281	105,489	106,057	106,271	106,425	106,737	106,973	107,377	107,656	106,023

NA = not available
p = preliminary
Source: US Travel Data Center, based on data from the U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-1984, August 1988; EMPLOYMENT AND EARNINGS, January-December 1988.

Table 4B: Payroll Employment for Selected Travel Industry Sectors, 1987, Monthly
(thousands)

Sector - 1987	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug	Sep.	Oct.	Nov.	Dec.	Annual Average
Intercity highway passenger transportation (413)	29.8	29.5	30.0	30.1	31.0	31.3	31.5	32.2	32.2	31.2	31.1	31.0	30.9
Air transportation (45)	587.2	587.1	587.8	590.8	595.1	602.9	607.6	613.0	615.5	619.8	623.4	623.1	604.4
Eating and drinking places (58)	5,765.0	5,796.8	5,908.7	6,068.6	6,196.4	6,311.6	6,296.7	6,333.3	6,318.0	6,196.1	6,162.8	6,174.9	6,127.4
Hotels, motels and tourist courts (701)	1,318.2	1,335.0	1,363.2	1,396.4	1,434.1	1,493.8	1,527.4	1,536.1	1,505.0	1,450.9	1,422.6	1,429.1	1,434.3
Amusement and recreation services (79)	762.6	774.1	808.4	879.8	929.2	1,021.5	1,053.1	1,052.4	972.0	859.0	802.2	815.8	894.2
Travel Industry	8,462.8	8,522.5	8,698.1	8,965.7	9,185.8	9,461.1	9,516.3	9,567.0	9,442.7	9,157.0	9,042.1	9,073.9	9,091.3
Total U.S.	99,383	99,711	100,427	101,478	102,268	102,910	102,212	102,471	103,288	104,210	104,548	104,809	102,310

Source: US Travel Data Center, based on data from the U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-1984, August 1988; EMPLOYMENT AND EARNINGS, January-December 1988.

Table 48: Payroll Employment for Selected Travel Industry Sectors, 1986, Monthly
(thousands)

Sector - 1986	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug	Sep.	Oct.	Nov.	Dec.	Annual Average
Intercity highway passenger transportation (413)	33.6	33.5	32.9	32.8	34.1	35.4	34.6	34.3	34.1	32.2	31.0	30.4	33.2
Air transportation (45)	546.8	545.2	545.4	550.6	558.5	566.8	573.9	577.9	579.3	582.4	583.8	590.1	566.7
Eating and drinking places (58)	5,535.1	5,566.9	5,673.1	5,846.1	5,991.1	6,094.4	6,091.4	6,139.0	6,133.8	5,993.9	5,955.0	5,974.0	5,916.2
Hotels, motels and tourist courts (701)	1,250.5	1,267.8	1,294.3	1,316.4	1,351.6	1,391.2	1,404.5	1,406.0	1,374.5	1,347.6	1,324.2	1,322.2	1,337.6
Amusement and recreation services (79)	738.8	751.4	782.3	840.4	901.0	972.4	1,008.3	1,004.1	933.4	839.9	798.0	796.6	863.9
Travel Industry	8,104.8	8,164.8	8,328.0	8,586.3	8,836.3	9,060.2	9,112.7	9,161.3	9,055.1	8,796.0	8,692.0	8,713.3	8,717.6
Total U.S.	97,405	97,598	98,150	98,989	99,687	99,994	99,248	99,425	100,352	100,924	101,184	101,342	99,525

Source: US Travel Data Center, based on data from the U.S. Department of Labor, Bureau of Labor Statistics, SUPPLEMENT TO EMPLOYMENT AND EARNINGS, UNITED STATES, 1909-1984, August 1988; EMPLOYMENT AND EARNINGS, January-December 1988.

Table 5A: U.S. Travel/tourism Transportation Consumption of Petroleum, 1986-87p
(millions of barrels)

Sector	1987p	1986	1987 percent Distribution	1987/86 % Change
Travel/tourism				
Certificated air (1)	338.5	321.4	5.6%	5.3%
General aviation (2)	25.6	27.2	0.4	-5.9
Intercity bus (3)	3.4	3.5	0.1	-5.0
Amtrak (4)	1.8	1.7	*	4.8
Auto/truck/RV/motorcycle (5)	270.4	272.0	4.4	-0.6
Total	639.6	625.8	10.5%	2.2%
Local personal passenger vehicle transportation (5)	1,419.7	1,428.1	23.3%	-0.6%
Other transportation (5)	1,759.9	1,677.4	28.9	4.9
Total transportation (6)	3,819.2	3,731.3	62.8	2.4
Industrial (6)	1,562.9	1,486.9	25.7	5.1
Residential and commercial (6)	499.3	491.8	8.2	1.5
Electric utilities (6)	201.2	232.1	3.3	-13.3
TOTAL PETROLEUM CONSUMPTION (6)	6,082.7	5,942.4	100.0%	2.4%

Note: details may not add to totals due to rounding.
*estimated at less than 0.05 percent
p = preliminary
Source: US Travel Data Center

(1) Estimated by the US Travel Data Center, based on Department of Transportation and Transportation Policy Associates data.
(2) Federal Aviation Administration.
(3) Estimated by the US Travel Data Center, based on Transportation Policy Associates data.
(4) Amtrack
(5) Estimated by the US Travel Data Center, based upon Federal Highway Administration data.
(6) U.S. Department of Energy, MONTHLY ENERGY REVIEW, August 1988

Table 5B: U.S. Domestic Consumption of Energy, 1986-87p
(quadrillion BTU)

	1987p	1986	Percent change 87/86	Percent of total 1987
Travel/tourism transportation	3.512	3.433	2.3%	4.6%
Local personal passenger vehicle transportation	7.458	7.502	-0.6%	9.7%
Motor gasoline	13.816	13.487	2.4%	18.0%
Transportation	21.282	20.775	2.4%	27.7%
Total domestic energy consumption	76.781	74.237	3.4%	100.0%

p = preliminary
Source: US Travel Data Center, based on data from Table 5A and U.S. Department of Energy, MONTHLY ENERGY REVIEW, August 1988.

Table 6A: U.S. International Travel Receipts, Payments, and Balance, 1972-1988p
($ millions)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
Receipts from foreign visitors in the U.S.	$2,817	$3,412	$4,032	$4,697	$5,742	$6,150	$7,186	$8,441	$10,588	$12,913	$12,393	$11,408	$11,353	$11,675	$12,913	$14,778	$18,030
Payments of U.S. travelers in foreign countries	5,042	5,526	5,980	6,417	6,856	7,451	8,475	9,413	10,397	11,479	12,394	13,556	15,449	16,482	17,627	20,496	23,400
Balance on travel receipts less payments	($2,225)	($2,114)	($1,948)	($1,720)	($1,114)	($1,301)	($1,289)	($972)	$191	$1,434	($1)	($2,148)	($4,096)	($4,807)	($4,714)	($5,718)	($5,370)

p = preliminary
Note: ( ) represents deficit.
Source: U.S. Travel and Tourism Administration, U.S. Department of Commerce, based on data from the U.S. Bureau of Economic Analysis (BEA). The BEA used an independent source to derive estimates of receipts and payments which are lower than the U.S. Travel and Tourism Administration's estimates based on the Survey of International Air Travelers and data from Canada and Mexico.

Table 6B: U.S. International Passenger Fare Receipts, Payments, and Balance, 1972-1988p
($ millions)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
U.S. passenger fare receipts from foreign travelers	$494	$718	$813	$767	$937	$1,025	$1,238	$1,677	$2,062	$2,575	$2,692	$2,524	$2,538	$2,496	$3,011	$4,637	$6,430
U.S. passenger fare payments to foreign carriers	1,596	1,790	2,095	2,263	2,568	2,748	2,896	3,184	3,607	4,487	4,772	5,484	6,502	7,313	6,842	8,785	9,000
Balance on passenger fare receipts less payments	($1,102)	($1,072)	($1,282)	($1,496)	($1,631)	($1,723)	($1,658)	($1,507)	($1,545)	($1,912)	($2,080)	($2,960)	($3,964)	($4,817)	($3,831)	($4,148)	($2,570)

p = preliminary
Note: ( ) represents deficit.
Source: U.S. Travel and Tourism Administration, U.S. Department of Commerce.

Table 6C: U.S. and World International Travel Receipts and Arrivals, 1972-1988p

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988p
International travel receipts ($ billions)*																	
United States	$2.82	$3.41	$4.03	$4.70	$5.74	$6.15	$7.19	$8.44	$10.59	$12.91	$12.39	$11.41	$11.35	$11.68	$12.91	$14.78	$18.03
World	$24.8	$31.3	$34.1	$41.6	$44.9	$54.4	$68.6	$82.4	$95.3	$104.3	$98.6	$98.8	$103.6	$108.6	$129.2	$158.7	$195.0
International arrivals (millions)																	
United States**	13.1	14.0	14.2	15.7	17.5	18.5	19.7	20.3	22.3	23.5	21.8	21.7	26.9	25.4	25.4	29.7	33.7
World	184	191	197	207	221	238	256	269	279	288	288	292	319	334	341	359	390

* excludes international passenger fare payments
** new data series beginning in 1984; reflects all foreign visitors staying at least one night in the U.S.
p = preliminary
Source: U.S. Travel and Tourism Administration, U.S. Department of Commerce, World Tourism Organization

Table 6D: Expenditures by Selected National Government Tourism Organizations, 1985

Rank	Country	Expenditure ($ millions)
1	Italy	$99.8
2	Greece	75.7
3	Poland	61.8
4	Spain	51.3
5	United Kingdom	42.5
6	Israel	35.0
7	Columbia	28.3
8	Switzerland	28.0
9	France	26.7
10	Canade	26.0
11	Brazil	21.0
12	Jamaica	20.7
13	Belgium	20.5
14	Netherlands	19.3
15	Peru	16.9
16	Kenya	15.9
17	Hungary	13.7
18	Portugal	13.0
*		
24	United States	12.0

*Expenditures by Bahamas, Mexico, Denmark, Sweden, and Ireland were not reported but all are expected to rank higher than the United States.

Source: Travel and Tourism Government Affairs

Table 6E: Top Ten Countries in International Visitor Receipts, 1986 ($ millions)

Country	Visitor Receipts	Resident Expenditures	International Travel Payments Balance
United States	$12,913	$17,627	($4,714)
Spain	12,058	1,513	10,545
Italy	9,855	2,758	7,097
France	9,704	6,504	3,200
United Kingdom	7,921	8,686	(765)
West Germany	7,826	20,664	(12,838)
Austria	6,076	3,257	2,819
Switzerland	4,227	3,368	859
Canada	3,860	4,294	(434)
Mexico	2,984	2,132	852

Source: World Tourism Organization

Table 7A: U.S. Resident Travel by Destination Region, 1988p
(millions of person-trips)

Census Region:	1988p	1988/87 Change
NEW ENGLAND Connecticut, Maine, Massachusetts New Hampshire, Rhode Island, Vermont	45.4	15.6%
MIDDLE ATLANTIC New Jersey, New York, Pennsylvania	125.4	22.1
SOUTH ATLANTIC Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina Virginia, West Virginia	231.9	-3.7
EAST SOUTH CENTRAL Alabama, Kentucky, Mississippi, Tennessee	74.5	-14.4
EAST NORTH CENTRAL Illinois, Indiana, Michigan, Ohio, Wisconsin	165.3	14.1
WEST NORTH CENTRAL Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota	95.1	-0.6
WEST SOUTH CENTRAL Arkansas, Louisiana, Oklahoma, Texas	138.4	8.6
MOUNTAIN Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming	99.6	-10.9
PACIFIC Alaska, California, Hawaii, Oregon, Washington	183.1	7.3
U.S. TOTAL	1,158.6	3.4%

Note: details may not add to totals due to rounding.
Source: US Travel Data Center's National Travel Survey

Table 7B: Travel Expenditures by U.S. Residents and Employment Generated, by Census Region Visited, 1986

Census Regions	Travel expenditures ($ millions)	Travel-generated employment (thousands)
NEW ENGLAND Connecticut, Maine, Massachusetts New Hampshire, Rhode Island, Vermont	$14,144.8	254.5
MIDDLE ATLANTIC New Jersey, New York, Pennsylvania	39,850.8	679.2
SOUTH ATLANTIC Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina Virginia, West Virginia	49,819.2	1,018.7
EAST SOUTH CENTRAL Alabama, Kentucky, Mississippi, Tennessee	9,591.1	210.4
EAST NORTH CENTRAL Illinois, Indiana, Michigan, Ohio, Wisconsin	31,334.5	625.6
WEST NORTH CENTRAL Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota	16,537.7	353.3
WEST SOUTH CENTRAL Arkansas, Louisiana, Oklahoma, Texas	23,902.3	449.8
MOUNTAIN Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming	23,519.6	509.7
PACIFIC Alaska, California, Hawaii, Oregon, Washington	44,278.9	773.0
U.S. TOTAL	$252,978.9	$4,874.2

Note: details may not add to totals due to rounding.
Source: US Travel Data Center

APPENDIX B: U.S TRAVEL INDUSTRY TERMINOLOGY

FOR STATISTICAL REPORTING

Adopted by the Board of Trustees
of the US Travel Data Center
on December 13, 1985

1. "Travel Industry" -- an inter-related amalgamation of those businesses and agencies which totally or in part provide the means of transport, goods, services, accommodations, and other facilities for travel out of the home community for any purpose not related to local day-to-day activity.

2. "Travel" -- the actions and activities of international and domestic travelers (as defined below) taking trips to places outside their home communities for any purpose except commuting to and from work or attending school.

3. "Tourism" -- synonymous with "travel".

4. "International Traveler" -- any person visiting a country other than that in which he (she) has his (her) usual place of residence for at least 24 hours but not more than one year, and whose main purpose of visit is other than following an occupation renumerated from within the country visited, and the purpose of whose trip can be classified under one or more of the following categories:

pleasure	business
recreation	commerce
holiday	meeting
sport	conference
religion	convention
shopping	trade show
vacation	health
visiting friends or relatives	study

5. "International Excursionist" -- travelers, as defined in 4 above, staying less than 24 hours in the country visited (including cruise passengers).

6. "International Tourist" -- synonymous with "international traveler".

7. Domestic Traveler" -- any resident of the United States regardless of nationality who travels to a place 100 miles or more away from home within the U.S. or who stays away from home one or more nights in paid accommodations, and who returns home within twelve months, except commuting to and from work or attending school. This includes trips that can be classified under one or more of the following purpose categories:

pleasure	business
recreation	commerce
holiday	meeting
sport	conference
religion	convention
shopping	trade show
vacation	health
visiting friends or relatives	study

8. "Domestic Excursionist" -- any person who travels more than 25 miles away from home one way but less than 100 miles and returns home the same day for any purpose except commuting to and from work or attending school, including trips that can be classified under the categories defined in 7 above.

APPENDIX C: RESOURCES

Air Transport Association of America, Monthly Discount and Yield Report, various issues, Washington, D.C.

Air Transport Association of America, Air Transport 1988, The Annual Report of the U.S. Scheduled Airline Industry, Washington, D.C., June 1988, 16 pp.

Bureau of the Census, 1980 Census of Population, Volume 1, Characteristics of the Population, Chapter D, Part 1, Section A, U.S. Department of Commerce, Washington, D.C., 1984, 178 pp.

Bureau of the Census, 1982 Census of Retail Trade, Establishment and Firm Size, U.S. Department of Commerce, Washington, D.C., 1985, 167 pp.

Bureau of the Census, 1982 Census of Service Industries, Establishment and Firm Size, U.S. Department of Commerce, Washington, D.C., 1985, 255 pp.

Bureau of the Census, 1977 Census of Transportation, Vol. 2, National Travel Survey, U.S. Department of Commerce, Washington, D.C., 1979, 395 pp.

Bureau of the Census, Government Finances in 1986-87, U.S. Department of Commerce, Washington, D.C., November 1988, 128 pp.

Bureau of the Census, Monthly Retail Trade, U.S. Department of Commerce, Washington, D.C., October 1988, 44 pp.

Bureau of the Census, 1986 Retail Trade, U.S. Department of Commerce, Washington, D.C., December 1987, 31 pp.

Bureau of the Census, Revised Monthly Retail Sales and Inventories: January 1978 through December 1987, U.S. Department of Commerce, Washington, D.C., April 1988, 131 pp.

Bureau of the Census, Revised Monthly Retail Sales and Inventories: January 1973 through December 1982, U.S. Department of Commerce, March 1983, 50 pp.

Bureau of the Census, 1987 Service Annual Survey, U.S. Department of Commerce, Washington, D.C., September 1988, 42 pp.

Bureau of the Census, Statistical Abstract of the United States 1987, U.S. Department of Commerce, Washington, D.C., December 1986, 960 pp.

Bureau of Labor Statistics, BLS Handbook of Methods, Volume II: The Consumer Price Index, U.S. Department of Labor, Washington, D.C., 1984, 38 pp.

Bureau of Labor Statistics, Employment and Earnings, various monthly issues, U.S. Department of Labor, Washington, D.C., 1988.

Bureau of Labor Statistics, Supplement to Employment and Earnings, United States, 1909-1987, U.S. Department of Labor, August 1988, 212 pp.

Civil Aeronautics Board, Air Carrier Financial Statistics, December issues, U.S. Government Printing Office, Washington, D.C., 1973-1988.

Civil Aeronautics Board, Air Traffic Statistics, December issues, U.S. Government Printing Office, Washington, D.C., 1973-1988.

Cook, Suzanne C., "Travel Trends in 1989", US Travel Data Center, Washington, D.C., October 1988, 18 pp.

Council of Economic Advisers, Economic Report of the President and Annual Report of the Council of Economic Advisors, U.S. Government Printing Office, Washington, D.C., 1989.

Council of Economic Advisers, Economic Indicators, December 1988, 38 pp.

Energy Information Administration, Monthly Energy Review, August 1988, U.S. Department of Energy, Washington, D.C., 1988, 137 pp.

Energy Information Administration, Short Term Energy Outlook, October 1988, U.S. Department of Energy, Washington, D.C., 1988, 60 pp.

Federal Highway Administration, Highway Statistics, 1977-87 issues, U.S. Department of Transportation, Washington, D.C., 184 pp.

Frechtling, Douglas C., "Travel as an Employer in the State Economy", Journal of Travel Research, Vol. XV, No. 4, 1977, pp. 8-12.

Kealy, Jr., Walter G., "International Travel and Passenger Fares, 1987", Survey of Current Business, Vol. 68, No. 5 (May 1988), pp. 47-49.

International Marketing Plan Development Committee, Competitiveness in the International Tourism Market, A Proposed Marketing Plan for the United States, Travel Industry Association of America, Washington, D.C., 1984, 120 pp.

Louis Harris and Associates, Inc., 1987 Travel Agency Market, Travel Weekly, Murdoch Magazines, New York, New York, July 1988, 157 pp.

Transportation Policy Associates, Transportation in America, sixth edition, Washington, D.C., 1988, 46 pp.

Travel and Tourism Government Affairs Council, "Tourism Facts: A Resource Kit", 1988

Travel & Leisure's World Travel Overview 1988/1989, American Express publishing Corporation, New York, New York, October 1988, 107 pp.

Travel Industry Association of America, Discover America, A National Domestic Travel Marketing Plan, Washington, D.C., 1986, 50 pp.

US Travel Data Center, 1985-86 Impact of Foreign Visitors' Spending on States' Economies, Washington, D.C., 1988, 61 pp.

US Travel Data Center, 1986 Impact of Travel on State Economies, Washington, D.C., 1988, 58 pp.

US Travel Data Center, 1989 Outlook for Travel and Tourism, Washington, D.C., 1989, 295 pp.

US Travel Data Center, The 1986-87 Economic Review of Travel in America, Washington, D.C., 1987, 94 pp.

US Travel Data Center, National Travel Survey, 1987 Travel Market Close-Up, Washington, D.C., 1988, 117 pp.

US Travel Data Center, National Travel Survey, 1987 Travel Executive Briefing, Washington, D.C., 1988, 165 pp.

U.S. Travel and Tourism Administration, Sixth Program Report, 1987, U.S. Department of Commerce, Washington, D.C., March 1987, 17 pp.

U.S. Travel and Tourism Administration, "Recap of International Travel to and from the United States in 1987", U.S. Department of Commerce, Washington, D.C., 1988, 10 pp.

World Tourism Organization, Compendium of Tourism Statistics, 9th Edition, Madrid, Spain, 1988.

Wynegar, Don, "1989 Outlook for International Travel", U.S. Travel and Tourism Administration, Washington, D.C., October 1988.

Ziff-Davis Publishing Company, World Aviation Directory, Summer, 1984, 1598 pp.